CITY COUNCIL STAFF CITY OF MORGAN HILL REPORT

MEETING DATE: January 15, 2003

DECEMBER 2002 FINANCE & INVESTMENT REPORT

Agenda	Item	#	1

Prepared By:

Finance Director

Submitted By:

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended December 31, 2002. The report covers the first six months of activity for the 2002/2003 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

CITY OF MORGAN HILL Monthly Financial and Investment Reports

December 31, 2002 - 50% Year Complete



Prepared by:

FINANCE DEPARTMENT



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CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03

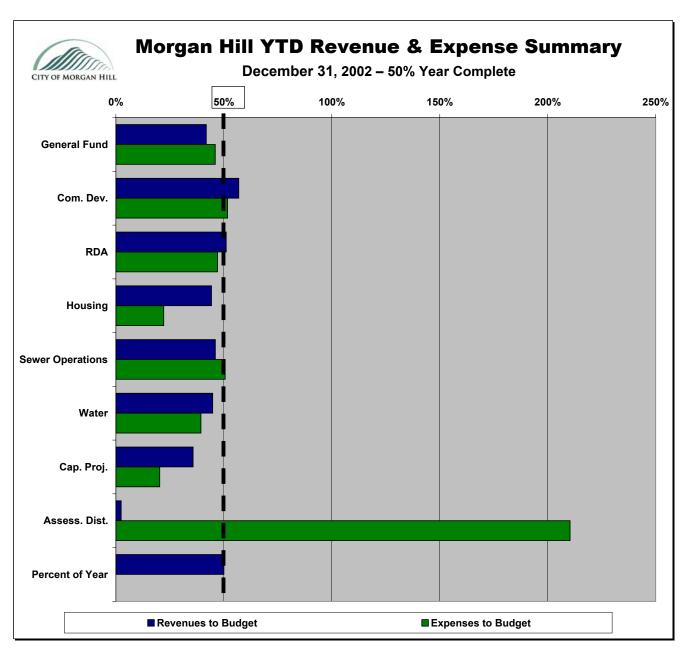
This analysis of the status of the City's financial situation reflects 50% of the year. However, certain of the City's current year revenues, such as franchise fees, have not been received as of this time of the year.

General Fund - The revenues received in the General Fund are approximately 42% of the budgeted revenues. The amount of Sales Tax collected is 45% of the sales tax revenue budget and is 9% less than at this time last year. Business license and other permit collections are 76% of the budgeted amount. This is due to the amount of business license renewals collected in June and July. Motor Vehicle-in-Lieu revenues are 50% of the budgeted amounts, up 5% compared to last year. Interest & Other Revenue are only 24% of budget and reflect interest earnings through September, but do not include interest earnings earned during the second quarter that will be posted in January. The amount of Interest & Other Revenue collected is low because the City has not yet begun to collect rental income for Community & Cultural Center rental activity, since the Center is not yet open, and because declining interest rates are generating less interest earnings.

The General Fund expenditures and encumbrances to date total 46% of the budgeted appropriations. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the last fiscal year; these projects and the related encumbrances are carried forward from the prior fiscal year.

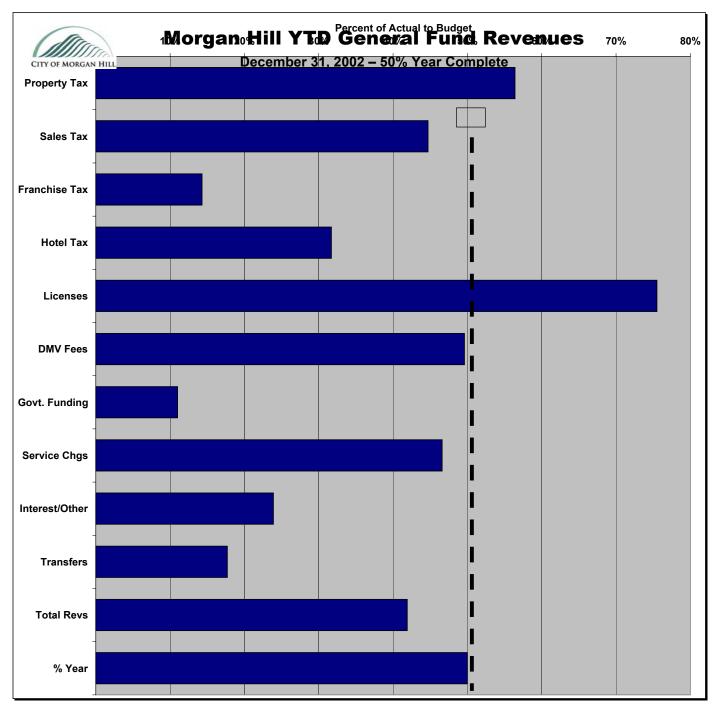
- Transient Occupancy (Hotel) Tax The TOT rate is 10%. The City received \$283,007 in revenue during October for the first quarter ended September 30 and will receive the next quarterly payments in January 2003. The amount received was 1% more than the amount received for the first quarter of the prior year.
- Community Development Revenues are 57% of budget, which is 17% more than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances are 53% of budget, Building has expended or encumbered 49% of budget and Engineering 53%. Community Development has expended or encumbered a combined total of 52% of the 2002/03 budget, including \$409,637 in encumbrances.
- RDA and Housing Property tax increment revenues of \$8,020,478 have been received as of December 31. Redevelopment expenditures plus encumbrances for Business Assistance and Housing are 65% of budget, including \$2,478,987 in encumbrances.
 - Water and Sewer Operations- Water Operations revenues, including service fees, are 62% of budget. Expenditures total 41% of appropriations. Sewer Operations revenues, including service fees, are 46% of budget. Expenditures for sewer operations are 51% of budget.
- C **Investments maturing/called/sold during this period.** During the month of December, \$6 million was invested in new federal agency investments. Further details of all City investments are contained on pages 6-8 of this report.

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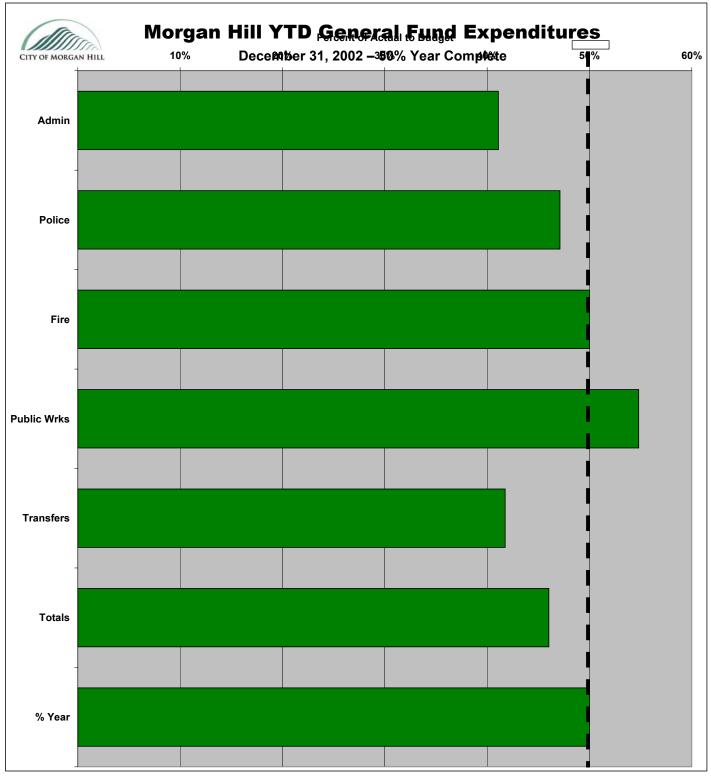


	REVENU	ES	EXPENS	ES	12/31/2002
		% OF		% OF	UNRESTRICTED
FUND NAME	ACTUAL	BUDGET	ACTUAL	BUDGET	FUND BALANCE
General Fund	\$6,800,383	42%	\$7,562,381	46%	\$10,248,868
Community Development	1,205,531	57%	1,509,920	52%	1,163,501
RDA	6,556,112	51%	12,864,361	47%	11,643,530
Housing/CDBG	1,668,523	44%	1,450,501	22%	4,052,178
Sewer Operations	2,669,277	46%	3,457,444	51%	4,647,999
Sewer Other	476,804	30%	1,446,019	25%	11,355,615
Water	4,514,354	45%	5,107,825	39%	7,041,485
Other Special Revenues 1	483,023	44%	464,837	18%	3,299,822
Capital Projects & Streets Funds	2,143,414	36%	1,823,444	20%	20,921,081
Debt Service Funds	5,385	2%	382,536	210%	362,641
Internal Service	2,720,789	67%	2,081,825	61%	4,328,215
Agency	35,394	1%	1,789,604	60%	4,104,413
TOTAL FOR ALL FUNDS	\$29,278,989	44%	\$39,940,697	42%	\$83,169,348

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$2,228,000	\$1,256,746	56%	\$1,101,315	14%
SALES TAXES	\$5,618,400	\$2,514,163	45%	\$2,769,901	-9%
FRANCHISE FEE	\$965,000	\$138,068	14%	\$139,937	-1%
HOTEL TAX	\$892,000	\$283,007	32%	\$281,480	1%
LICENSES/PERMITS	\$209,450	\$158,053	76%	\$168,426	-6%
MOTOR VEHICLE IN LIEU	\$1,965,000	\$975,333	50%	\$929,210	5%
FUNDING - OTHER GOVERNMENTS	\$228,300	\$25,112	11%	\$149,581	-83%
CHARGES CURRENT SERVICES	\$2,275,326	\$1,061,277	47%	\$896,109	18%
INTEREST & OTHER REVENUE	\$939,600	\$224,892	24%	\$237,298	-5%
TRANSFERS IN	\$925,332	\$163,732	18%	\$41,000	299%
			•		
TOTALS	\$16,246,408	\$6,800,383	42%	\$6,714,257	1%



Expenditure Category		Budget		Actual Plus cumbrances	% of Budget	
ADMINISTRATION		5,426,529		2,230,056	41%	
POLICE		6,443,305		3,035,737	47%	
FIRE		3,623,938		1,811,969	50%	
PUBLIC WORKS		879,230		481,929	55%	
TRANSFERS OUT		537,000		224,250	42%	
TOTALS	\$	16,910,002	\$	7,783,941	46%	



City of Morgan Hill Fund Activity Summary - Fiscal Year 2002/03 For the Month of December 2002 50% of Year Completed

		3441.341.144	Revenues	30 /0 01 1	Expenses		Year to-Date	Ending Fur	nd Ralance	Cash and In	vastments	Ī
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or	Enamy r ar	ia Baiarice	Ousii uliu li	ivestilients	
No.	Fund	06-30-02	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²	TOTAL
010	GENERAL FUND	\$11,232,426	\$6,800,383	42%	\$7,562,381	46%	(\$761,998)	\$221.560	\$10,248,868	\$11,145,763	\$4,150	\$11,149,913
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TOTAL G	SENERAL FUND	<u>\$11,232,426</u>	<u>\$6,800,383</u>	<u>42%</u>	<u>\$7,562,381</u>	<u>46%</u>	(\$761,998)	<u>\$221,560</u>	\$10,248,868	<u>\$11,145,763</u>	<u>\$4,150</u>	<u>\$11,149,913</u>
202	STREET MAINTENANCE	\$1,615,397	\$840,544	47%	\$896,762	58%	(\$56,218)	\$1,027,527	\$531,652	\$1,393,285	\$10,794	\$1,404,079
204/205	PUBLIC SAFETY/SUPPL. LAW	\$641,108	\$126,373	79%	\$166,501	53%	(\$40,128)		\$600,980	\$600,980		\$600,980
206	COMMUNITY DEVELOPMENT	\$1,877,527	\$1,205,531	57%	\$1,509,920	52%	(\$304,389)	\$409,637	\$1,163,501	\$1,644,243		\$1,644,243
207	GENERAL PLAN UPDATE	\$110,827	\$58,602	52%	\$5,337	10%	\$53,265	\$12,993	\$151,099	\$164,254		\$164,254
210	COMMUNITY CENTER	\$754,628	\$107,213	90%			\$107,213		\$861,841	\$861,841		
215 / 216	CDBG	\$566,540	\$14,809	6%	\$3,493	16%	\$11,316	394,396	\$183,460	\$149,177		\$149,177
220	MUSEUM RENTAL	\$3,807	\$32	15%	\$1,373	45%	(\$1,341)		\$2,466	\$2,466		\$2,466
225	ASSET SEIZURE	\$56,567	\$497	24%	\$20,000	59%	(\$19,503)		\$37,064	\$37,064		\$37,064
226	OES/FEMA			n/a			,					
229	LIGHTING AND LANDSCAPE	\$64,203	\$540	1%	\$74,953	74%	(\$74,413)	\$28,027	(\$38,237)	(\$9,913)		(\$9,913)
232	ENVIRONMENT PROGRAMS	\$465,250	\$132,178	35%	\$147,210	59%	(\$15,032)	\$79,546	\$370,672	\$452,534		\$452,534
234	MOBILE HOME PK RENT STAB.	\$53,314	\$6,256	250%	\$6,906	10%	(\$650)		\$52,664	\$52,664		\$52,664
235	SENIOR HOUSING	\$236,123	\$2,062	2%		10%	\$2,062	\$12,135	\$226,050	\$238,185		\$238,185
236	HOUSING IN LIEU	\$1,028,510	\$9,033	24%	2,865	10%	\$6,168		\$1,034,678	\$1,034,677		\$1,034,677
240	EMPLOYEE ASSISTANCE	. , ,	\$40,237	50%	39,692	1%	\$545		\$545	\$544		\$544
TOTAL S	PECIAL REVENUE FUNDS	\$7,473,801	\$2,543,907	48%	\$2,875,012	45%	(\$331,105)	\$1,964,261	\$5,178,435	\$6,622,001	\$10,794	\$6,632,795
1017120	A LOUVE REVENUE I ONDO	<u> </u>	<u> </u>	4070	<u> </u>	<u> 4070</u>	(4001;100)	<u> </u>	ψο, 11 ο, 400	<u> </u>	<u> </u>	φο,σου, του
301	PARK DEV. IMPACT FUND	\$2,871,149	\$222,881	20%	\$76,994	4%	\$145,887	\$46,764	\$2,970,272		\$3,017,036	\$3,017,036
302	PARK MAINTENANCE	\$2,692,750	\$150,789	97%	\$41,226	27%	\$109,563	\$5,060	\$2,797,253	\$2,802,312		\$2,802,312
303	LOCAL DRAINAGE	\$2,534,182	\$203,419	65%	\$2,727	0%	\$200,692		\$2,734,874		\$2,734,873	\$2,734,873
304	LOCAL DRAINAGE/NON-AB1600	\$3,067,721	\$143,990	103%	\$39,236	20%	\$104,754	\$39,665	\$3,132,810	\$3,012,475		\$3,012,475
305	OFF-STREET PARKING	\$3,886	\$34	22%			\$34		\$3,920	\$3,920		\$3,920
306	OPEN SPACE	\$244,803	\$2,151	n/a			\$2,151	\$7,560	\$239,394	\$246,953		\$246,953
309	TRAFFIC IMPACT FUND	\$2,870,728	\$267,004	25%	\$341,401	68%	(\$74,397)	\$692,037	\$2,104,294		\$2,785,002	\$2,785,002
311	POLICE IMPACT FUND	\$1,168,761	\$45,152	70%	\$50,722	6%	(\$5,570)	\$7,560	\$1,155,631		\$1,163,191	\$1,163,191
313	FIRE IMPACT FUND	\$2,515,636	\$111,510	67%	\$150,714	10554%	(\$39,204)		\$2,476,432		\$2,476,432	\$2,476,432
317	REDEVELOPMENT AGENCY	\$22,634,048	\$6,556,112	51%	\$12,864,361	47%	(\$6,308,249)	4,682,270	\$11,643,530	\$14,064,889		\$14,064,889
327 / 328	HOUSING	\$20,841,201	\$1,653,714	47%	\$1,447,008	22%	\$206,706	17,179,189	\$3,868,718	\$3,955,100		\$3,955,100
340	MORGAN HILL BUS.RANCH I	\$46,679	\$409	22%		n/a	\$409		\$47,088	\$47,088		\$47,088
342	MORGAN HILL BUS.RANCH II	\$52,423	\$460	22%			\$460		\$52,883	\$52,883		\$52,883
346	PUBLIC FACILITIES NON-AB1600	\$1,033,867	\$47,182	19%			\$47,182		\$1,081,049	\$1,081,049		\$1,081,049
347	PUBLIC FACILITIES IMPACT FUND	\$1,058,347	\$44,446	30%	\$223,356	93%	(\$178,910)	\$852,938	\$26,499		\$842,767	\$842,767
348	LIBRARY IMPACT FUND	\$368,112	\$18,481	51%	\$104	50%	\$18,377		\$386,489		\$386,487	\$386,487
350	UNDERGROUNDING	\$1,135,781	\$44,962	6%	\$202	0%	\$44,760		\$1,180,541	\$1,180,543		\$1,180,543
TOTAL C	APITAL PROJECT FUNDS	<u>\$65,140,074</u>	<u>\$9,512,696</u>	<u>46%</u>	<u>\$15,238,051</u>	<u>39%</u>	<u>(\$5,725,355)</u>	<u>\$23,513,043</u>	<u>\$35,901,677</u>	<u>\$26,447,212</u>	<u>\$13,405,788</u>	\$39,853,000
527	HIDDEN CREEK			n/a		ı	1	1				1
533	DUNNE/CONDIT			n/a								
536	ENCINO HILLS	\$65.771	\$576	11/a 14%	\$500	n/a	\$76		\$65.847	\$65.846		\$65.846
539	MORGAN HILL BUS. PARK	\$11,486	\$576 \$99	14%	\$500 \$562	n/a n/a	(\$463)		\$65,847 \$11.023	\$65,846 \$11,023		\$65,846
539 542	SUTTER BUSINESS PARK	\$11,486	\$99 \$211	3%	\$302		\$211		\$11,023	\$11,023 \$24,290		\$11,022
542 545	COCHRANE BUSINESS PARK	\$24,079 \$606,826	\$4,228	3%	\$377,694	n/a 271%	(\$373,466)		\$24,290	\$24,290 \$52,410	\$180,951	\$24,290 \$233,361
545 551	JOLEEN WAY	\$31,630	\$4,228 \$271	1%	\$3,780	9%	(\$373,466)		\$23,360	\$52,410 \$10,873	\$180,951	\$233,361
	PEBT SERVICE FUNDS	\$739,792	\$5,385	2%	\$382,536	210%	(\$377,151)		\$362,641	\$164,442	\$198,200	\$362,641
			71,174		<u> </u>							

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City of Morgan Hill Fund Activity Summary - Fiscal Year 2002/03 For the Month of December 2002 50% of Year Completed

		09-30-00-00-00-00-00-00-00-00-00-00-00-00-	Revenues	1070 011	Expenses		Year to-Date	Ending Fur	id Balance	Cash and In	vestments	
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or					
No.	Fund	06-30-02	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²	TOTAL
					•					•		
640	SEWER OPERATIONS	\$17,312,471	\$2,669,277	46%	\$3,457,444	\$1	(\$788,167)	\$11,876,305	\$4,647,999	\$4,235,388	\$1,907,612	\$6,143,000
641	SEWER IMPACT FUND	\$7,244,335	\$289,349	22%	\$718,169	16%	(\$428,820)	1,693,053	\$5,122,462	, ,,,	\$5,345,329	\$5,345,329
642	SEWER RATE STABILIZATION	\$3,469,485	\$30,432	25%	\$1,095	50%	\$29,337	1,000,000	\$3,498,822	\$3,498,822	+-1	\$3,498,822
643	SEWER-CAPITAL PROJECTS	\$9,417,751	\$157,023	26%	\$726,755	34%	(\$569,732)	6,113,688	\$2,734,331	\$3,088,367		\$3,088,367
650	WATER OPERATIONS	\$23,155,862	\$3,974,114	62%	\$3,447,136		\$526,978	\$20,083,878	\$3,598,962	\$3,586,213	\$390,368	\$3,976,581
651	WATER IMPACT FUND	\$2,757,348	\$196,958	8%	\$664,543	37%	(\$467,585)	2,464,659	(\$174,897)	. , ,	\$319,456	\$319,456
652	WATER RATE STABILIZATION	\$838,989	\$7,359	22%	\$255	50%	\$7,104		\$846,093	\$846,093		\$846,093
653	WATER -CAPITAL PROJECT	\$7,869,151	\$335,923	28%	\$995,891	38%	(\$659,968)	4,437,856	\$2,771,327	\$3,534,809		\$3,534,809
TOTAL E	NTERPRISE FUNDS	<u>\$72,065,392</u>	<u>\$7,660,435</u>	<u>43%</u>	<u>\$10,011,288</u>	<u>38%</u>	(\$2,350,853)	<u>\$46,669,439</u>	\$23,045,099	<u>\$18,789,692</u>	<u>\$7,962,765</u>	\$26,752,457
700	DATA DDOOFGOING	0.400.405	0400 504	500/	0040.000	500/	(054.700)	450,000	0007.044	0004 550		0004 550
730	DATA PROCESSING	\$429,425	\$190,594	50%	\$242,382	53%	(\$51,788)	150,626	\$227,011	\$331,559		\$331,559
740	BUILDING MAINTENANCE	\$155,445	\$418,601	50%	\$242,567	42%	\$176,034	35,495	\$295,984	\$343,678		\$343,678
745	CIP ADMINISTRATION	\$83,108	\$591,738	45%	\$591,738	55%	(0.40, 400)	178,421	(\$95,313)	\$113,066		\$113,066
760	UNEMPLOYMENT INS.	\$77,693	*****	n/a	\$18,402	74%	(\$18,402)	***	\$59,291	\$59,291	***	\$59,291
770	WORKER'S COMP.	\$42,756	\$223,210	56%	\$342,225	71%	(\$119,015)	\$41,325	(\$117,584)	\$596,903	\$30,000	\$626,903
790	EQUIPMENT REPLACEMENT	\$3,279,710	\$270,199	53%	\$13,446	10%	\$256,753	888,115	\$2,648,348	\$2,653,121		\$2,653,121
793	CORPORATION YARD	\$412,656	\$852,548	366%	\$604,978	209%	\$247,570	331,316	\$328,910	\$316,814		\$316,814
795	GEN'L LIABILITY INS.	\$833,756	\$173,899	45%	\$26,087	8%	\$147,812		\$981,568	\$1,329,939		\$1,329,939
TOTAL II	NTERNAL SERVICE FUNDS	<u>\$5,314,549</u>	<u>\$2,720,789</u>	<u>67%</u>	<u>\$2,081,825</u>	<u>61%</u>	<u>\$638,964</u>		<u>\$4,328,215</u>	<u>\$5,744,371</u>	<u>\$30,000</u>	\$5,774,371
000	CDECIAL DEDOCITO				1		<u> </u>		1	CO45 540		C045 540
820	SPECIAL DEPOSITS	\$1,620,366	£40.00C	9%	\$506,908	69%	(\$494,522)		\$1,125,844	\$815,510 \$547,519	\$578,325	\$815,510 \$1,125,844
841	M.H. BUS.RANCH A.D.		\$12,386 \$2,044	2%		119%	<u> </u>			\$105,952		\$1,125,644
842 843	M.H. BUS. RANCH II A.D. M.H. BUS. RANCH 1998	\$270,163 \$1,685,884	\$9,094	13%	\$106,742 \$581,852	66%	(\$104,698) (\$572,758)		\$165,465 \$1,113,126	\$225,072	\$59,513 \$888,055	\$1,113,127
845	MADRONE BP-TAX EXEMPT	\$1,696,402	(\$26,679)	1370	\$494,422	46%	(\$521,101)		\$1,175,301	\$95,925	\$1,079,376	\$1,175,301
846	MADRONE BP-TAX EXEMPT	\$246,281	\$35,599	1%	\$98,844	54%	(\$63,245)		\$1,175,301	\$22,094	\$161,289	\$1,175,301
848	TENNANT AVE.BUS.PK A.D.	\$319,288	\$2,772	13%	\$836	n/a	\$1,936		\$321,224	\$321,222	\$101,209	\$321,222
881	POLICE DONATION TRUST FUND	\$20,240	\$178	13%	φ030	n/a	\$178		\$20,418	Ψ321,222	\$20,417	\$20,417
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IOIALA	GENCY FUNDS	<u>\$5,858,624</u>	<u>\$35,394</u>	<u>1%</u>	<u>\$1,789,604</u>	<u>60%</u>	<u>(\$1,754,210)</u>		<u>\$4,104,413</u>	<u>\$2,133,294</u>	<u>\$2,786,975</u>	\$4,920,268
SUMMAR	RY BY FUND TYPE											
	GENERAL FUND GROUP	\$11,232,426	\$6,800,383	42%	\$7,562,381	46%	(\$761,998)	\$221,560	\$10,248,868	\$11,145,763	\$4,150	\$11,149,913
	SPECIAL REVENUE GROUP	\$7,473,801	\$2,543,907	48%	\$2,875,012	45%	(\$331,105)	\$1,964,261	\$5,178,435	\$6,622,001	\$10,794	\$6,632,795
	DEBT SERVICE GROUP	\$739,792	\$5,385	2%	\$382,536	210%	(\$377,151)		\$362,641	\$164,442	\$198,200	\$362,642
	CAPITAL PROJECTS GROUP	\$65,140,074	\$9,512,696	46%	\$15,238,051	39%	(\$5,725,355)	\$23,513,043	\$35,901,677	\$26,447,212	\$13,405,787	\$39,852,999
	ENTERPRISE GROUP	\$72,065,392	\$7,660,435	43%	\$10,011,288	38%	(\$2,350,853)	\$46,669,439	\$23,045,099	\$18,789,692	\$7,962,765	\$26,752,457
	INTERNAL SERVICE GROUP	\$5,314,549	\$2,720,789	67%	\$2,081,825	61%	\$638,964		\$4,328,215	\$5,744,371	\$30,000	\$5,774,370
	AGENCY GROUP	\$5,858,624	\$35,394	1%	\$1,789,604	60%	(\$1,754,210)		\$4,104,413	\$2,133,294	\$2,786,976	\$4,920,269
	TOTAL ALL GROUPS	<u>\$167,824,658</u>	<u>\$29,278,989</u>	<u>44%</u>	<u>\$39,940,697</u>	<u>42%</u>	<u>(\$10,661,708)</u>	<u>\$72,368,303</u>	<u>\$83,169,348</u>	<u>\$71,046,775</u>	<u>\$24,398,672</u>	\$95,445,447
	TOTAL CASH AND INVESTMENTS									\$95,445,447		<u>\$95,445,447</u>

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT

FOR THE MONTH OF DECEMBER 2002 FOR THE FISCAL YEAR OF 2002-03

	Invested		Book Value	Investment Category	% of	Market
	in Fund	Yield	End of Month	Subtotal at Cost	Total	Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	2.59%	\$32,575,797		34.14%	\$32,739,32
- RDA	RDA	2.59%	\$18,085,626		18.95%	\$18,176,41
- Corp Yard	Corp Yard	2.59%	\$50,827		0.05%	\$51,08
33.p 14.4	30.p . a. a		\$50,02 .		0.0070	ψο 1,00
Federal Issues	All Funds Pooled	4.70%	\$39,500,000		41.38%	\$39,821,06
Money Market	All Funds Pooled	0.97%	\$316	\$90,212,566	0.00%	\$31
Bond Reserve Accounts - held by trustees						
BNY - 1992 SCRWA Bonds						
Blackrock Provident Temp Fund	Sewer	1.39%	\$1,907,612		2.00%	\$1,894,96
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.29%	\$390.368		0.41%	\$390.36
			******			, ,
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.29%	\$888,055		0.93%	\$888,05
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.29%	\$1,079,376		1.13%	\$1,079,37
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.29%	\$161,288	\$4,426,699	0.17%	\$161,28
Checking Accounts						
General Checking	All Funds		\$772,032		0.81%	\$772.03
Dreyfuss Treas Cash Management Account	All Funds		\$772,032		0.00%	\$772,03 \$
Athens Administators Workers' Comp	Workers' Comp		\$30,000		0.03%	\$30,00
·	·			****		
Petty Cash & Emergency Cash	Various Funds	,	\$4,150	\$806,182	0.00%	\$4,15
Total Cash and Investments			<u>\$95,445,447</u>	<u>\$95,445,447</u>	<u>100.00%</u>	<u>\$96,008,43</u>
			CASH ACTIVIT			
			FI U			
	07/01/02		Change in	12/31/02		
Fund Type	Balance		Cash Balance	Balance	Restricted	Unrestricte
General Fund	\$11,396,207		(\$246,294)	\$11,149,913	\$4,150	\$11,145,76
Community Development	\$2,011,445		(\$367,202)	\$1,644,243	\$0	\$1,644,24
RDA (except Housing)	\$22,128,854		(\$8,063,965)	\$14,064,889	\$0	\$14,064,88

	07/01/02	Change in	12/31/02		
Fund Type	Balance	Cash Balance	Balance	Restricted	Unrestricted
General Fund	\$11,396,207	(\$246,294)	\$11,149,913	\$4,150	\$11,145,763
Community Development	\$2,011,445	(\$367,202)	\$1,644,243	\$0	\$1,644,243
RDA (except Housing)	\$22,128,854	(\$8,063,965)	\$14,064,889	\$0	\$14,064,889
Housing / CDBG	\$4,167,760	(\$63,483)	\$4,104,277	\$0	\$4,104,277
Water	\$9,541,195	(\$864,256)	\$8,676,939	\$709,824	\$7,967,115
Sewer - Operations	\$7,057,299	(\$914,299)	\$6,143,000	\$1,907,612	\$4,235,388
Sewer Other	\$13,270,287	(\$1,337,769)	\$11,932,518	\$5,345,329	\$6,587,189
Other Special Revenue	\$3,379,537	\$55,759	\$3,435,296	\$0	\$3,435,296
Streets and Capital Projects (except RDA)	\$23,005,915	\$231,176	\$23,237,091	\$13,416,582	\$9,820,508
Assessment Districts	\$736,561	(\$373,920)	\$362,641	\$198,200	\$164,442
Internal Service	\$5,284,536	\$489,835	\$5,774,371	\$30,000	\$5,744,371
Agency Funds	\$6,427,696	<u>(\$1,507,427)</u>	\$4,920,269	\$2,786,975	\$2,133,294

(\$12,961,845)

\$95,445,447

\$24,398,672

\$71,046,775

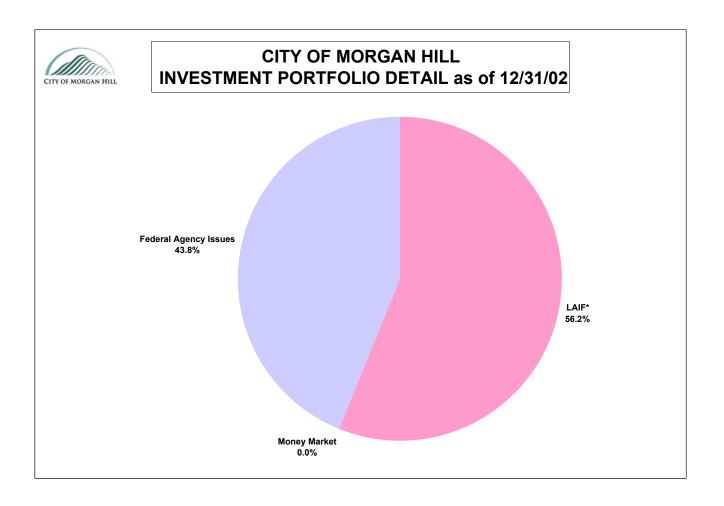
Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports. *Market Value as of 11/30/02

\$108,407,292

Total

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by:		Approved by:		
	Lourdes Reroma Accountant I		Jack Dilles Director of Finance	
Verified by:	Tina Reza Assistant Director of Finance		Mike Roorda City Treasurer	



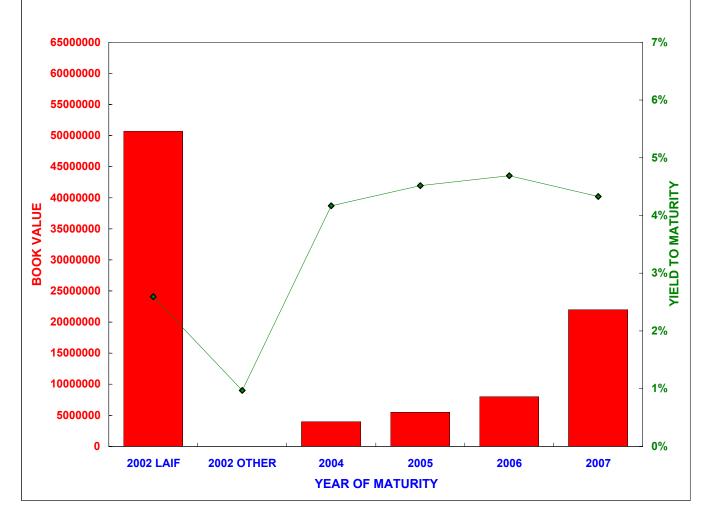
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$50,712,249	56.21%	\$50,966,828	2.594%	\$658,015			0.003
Federal Agency Issues									
Fed Home Loan Mgt Corp	03/28/02	\$2,000,000	2.22%	\$2,012,420	4.210%	\$42,100	03/28/03	09/28/04	1.742
Fed Natl Mortgage Assn	05/02/02	\$2,000,000	2.22%	\$2.018.760	4.125%	\$41,473	05/02/03	11/02/04	1.838
Fed Home Loan Bank	04/11/01	\$2,000,000	2.22%	\$2,022,500	5.300%	\$53,420	04/11/03	04/11/05	2.277
Fed Natl Mortgage Assn	08/01/01	\$1,500,000	1.66%	\$1,532,820	5.200%	\$39,109	08/01/05	08/01/05	2.584
Fed Home Loan Mgt Corp	12/19/02	\$2,000,000	2.22%	\$2,005,600	3.224%	\$2,303	03/19/03	12/19/05	2.967
Fed Home Loan Bank	02/06/01	\$2,000,000	2.22%	\$2,007,500	5.840%	\$58,589	02/06/03	02/06/06	3.101
Fed Home Loan Bank	09/10/01	\$2,000,000	2.22%	\$2,013,120	5.250%	\$53,034	03/06/03	03/10/06	3.189
Fed Home Loan Mgt Corp	08/06/02	\$2,000,000	2.22%	\$2,005,480	4.250%	\$34,185	02/06/03	11/06/06	3.849
Fed Home Loan Bank	11/27/02	\$2,000,000	2.22%	\$2,006,260	3.420%	\$6,613	02/27/03	11/27/06	3.907
Fed Home Loan Mgt Corp	03/26/02	\$2,000,000	2.22%	\$2,017,760	5.300%	\$53,000	03/26/03	03/26/07	4.233
Fed Home Loan Bank	07/09/02	\$4,000,000	4.43%	\$4,072,520	4.875%	\$93,261	07/09/03	07/09/07	4.521
Fed Home Loan Bank	08/20/02	\$2,000,000	2.22%	\$2,035,620	4.250%	\$30,951	08/20/03	08/20/07	4.636
Fed Natl Mortgage Assn	09/27/02	\$2,000,000	2.22%	\$2,036,260	4.000%	\$21,215	09/27/03	09/27/07	4.740
Fed Home Loan Bank	10/10/02	\$2,000,000	2.22%	\$2,001,260	4.205%	\$19,177	01/10/03	10/10/07	4.775
Fed Home Loan Mgt Corp	10/23/02	\$2,000,000	2.22%	\$2,003,080	4.107%	\$15,796	01/23/03	10/23/07	4.811
Fed Home Loan Bank	11/13/02	\$2,000,000	2.22%	\$2,006,260	4.186%	\$11,332	02/13/03	11/13/07	4.868
Fed Home Loan Bank	11/26/02	\$2,000,000	2.22%	\$2,007,500	4.083%	\$8,121	02/26/03	11/26/07	4.904
Fed Home Loan Mgt Corp	12/03/02	\$2,000,000	2.22%	\$2,008,220	3.960%	\$6,310	03/03/03	12/03/07	4.923
Fed Home Loan Bank	12/06/02	\$2,000,000	2.22%	\$2,008,120	3.764%	\$5,377	02/27/03	12/06/07	4.932
Redeemed FY 02/03						\$308,458			
Sub Total/Average		\$39,500,000	43.79%	\$39,821,060	4.698%	\$903,824			3.882
Money Market		\$316	0.00%	\$316	0.970%	\$11,694			0.003
TOTAL/AVERAGE	_	\$90,212,566	100.00%	\$90,788,204	3.390%	\$1,573,533			1.701

^{*}Per State Treasurer Report dated 11/30/2002, LAIF had invested approximately 16% of its balance in Treasury Bills and Notes, 15% in CDs, 28% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 41% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES AS OF DECEMBER 31, 2002



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2002 LAIF	\$50,712,250	\$50,966,828	2.594%	56.21%
2002 OTHER	\$316	\$316	0.970%	0.00%
2004	\$4,000,000	\$4,031,180	4.168%	4.43%
2005	\$5,500,000	\$5,560,920	4.518%	6.10%
2006	\$8,000,000	\$8,032,360	4.690%	8.87%
2007	\$22,000,000	\$22,196,600	4.328%	24.39%
TOTAL	\$90,212,566	\$90,788,204	3.390%	100.00%



FUND	CURRENT					INCR (DECR)			
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%		
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET		
010 GENERAL FUND									
TAXES									
Property Taxes - Secured/Unsecured/Prior	1,883,000	1,883,000	1,100,356	58%	956,399	143,957	15%		
Supplemental Roll	125,000	125,000	45,850	37%	71,839	(25,989)	-36%		
Sales Tax	5,330,000	5,330,000	2,390,401	45%	2,647,822	(257,421)	-10%		
Public Safety Sales Tax	288,400	288,400	123,762	43%	122,079	1,683	1%		
Transient Occupancy Taxes	892,000	892,000	283,007	32%	281,480	1,527	1%		
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	138,068	14%	139,937	(1,869)	-1%		
Property Transfer Tax	220,000	220,000	110,540	<u>50%</u>	73,077	37,463	<u>51%</u>		
TOTAL TAXES	9,703,400	9,703,400	4,191,984	43%	4,292,633	(100,649)			
LICENSES/PERMITS									
Business License	164,000	164,000	141,640	86%	150,828	(9,188)	-6%		
Other Permits	45,450	45,450	16,413	<u>36%</u>	17,598	(1,185)	<u>-7%</u>		
TOTAL LICENSES/PERMITS	209,450	209,450	158,053	75%	168,426	(10,373)			
FINES AND PENALTIES									
Parking Enforcement	15,000	15,000	4,187	28%	4,980	(793)	-16%		
City Code Enforcement	82,000	82,000	25,232	31%	46,068	(20,836)	-45%		
Business tax late fee/other fines	-	-	1,406	<u>n/a</u>	-	1,406	<u>n/a</u>		
TOTAL FINES AND PENALTIES	97,000	97,000	30,825	32%	51,048	(20,223)			
OTHER AGENCIES									
Motor Vehicle in-Lieu	1.065.000	1,965,000	975,333	50%	929,210	46 100	5%		
	1,965,000 228,300	228,300	25,112	11%	149,581	46,123	-83%		
Other Revenue - Other Agencies TOTAL OTHER AGENCIES	2,193,300	2,193,300	1,000,445	46%	1,078,791	(124,469) (78,346)			
CHARGES CURRENT SERVICES									
False Alarm Charge	24,000	24,000	9,428	39%		9,428	n/a		
Business License Application Review	18,000	18,000	10,936	61%	10,087	849	8%		
Recreation Classes	231,741	231,741	32,822	14%	11,803	21,019	178%		
General Administration Overhead	1,855,937	1,855,937	927,967	50%	11,000	21,019	17070		
Other Charges Current Services	1,055,957	1,655,957	80,124	55%	874,219	(794,095)	<u>-91%</u>		
TOTAL CURRENT SERVICES	2,275,326	2,275,326	1,061,277	47%	896,109	(762,799)			
OTHER REVENUE									
Use of money/property	724,400	724,400	176,357	24%	167,523	8,834	5%		
Other revenues	118,200	118,200	17,710	15%	18,727	(1,017)	<u>-5%</u>		
TOTAL OTHER REVENUE	842,600	842,600	194,067	23%	186,250	7,817	4%		
TRANSFERS IN									
Park Maintenance	100,000	100,000	25,000	25%	25,000	-	n/a		
Sewer Enterprise	17,500	17,500	8,750	50%	7,500	1,250	17%		
Water Enterprise	17,500	17,500	8,750	50%	7,500	1,250	17%		
Public Safety	270,000	270,000	121,232	45%	.,	121,232	n/a		
Other Funds	520,332	520,332	_ · ,_ 3 _	<u>n/a</u>	1,000	(1,000)	<u>-100%</u>		
TOTAL TRANSFERS IN	925,332	925,332	163,732	18%	41,000	122,732	299%		
TOTAL GENERAL FUND	16,246,408	16,246,408	6,800,383	42%	6,714,257	86,126	1%		
	, ., .,	,	,,			,			



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE							
Gas Tax 2105 - 2107.5	658,000	658,000	360,417	55%	305,458	54,959	18%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a		-	n/a
Transfers In	977,000	977,000	394,250	40%	322,500	71,750	22%
Project Reimbursement	-	-	-	n/a	-	-	n/a
Interest / Other Revenue/Other Charges	172,500	172,500	85,877	<u>50%</u>	17,127	68,750	<u>401%</u>
202 STREET MAINTENANCE	1,807,500	1,807,500	840,544	47%	645,085	195,459	30%
204/205 PUBLIC SAFETY TRUST							
Interest Income	30,400	30,400	5,608	18%	501	5,107	1019%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
PD Block Grant	-	· <u>-</u>	-	n/a	-	-	n/a
CA Law Enforcement Equip.Grant	-	_	20,765	n/a	40,663	(19,898)	-49%
Federal Police Grant (COPS)	30,000	30,000	-	n/a	_	-	n/a
Transfers In	, _	, -	-	n/a	_	-	n/a
204/205 PUBLIC SAFETY TRUST	160,400	160,400	126,373	79%	141,164	(14,791)	
206 COMMUNITY DEVELOPMENT							
Building Fees	1,134,000	1,134,000	584,214	52%	467,532	116,682	25%
Planning Fees	438,147	438,147	275,937	63%	135,689	140,248	103%
Engineering Fees	480,000	480,000	328,075	68%	294,386	33,689	11%
Other Revenue/Current Charges	66,276	66,276	17,305	26%	6,137	11,168	182%
<u>Transfers</u>	-	, -	-	<u>n/a</u>	127,276	(127,276)	<u>-100%</u>
206 COMMUNITY DEVELOPMENT	2,118,423	2,118,423	1,205,531	57%	1,031,020	174,511	17%
207 GENERAL PLAN UPDATE	113,582	113,582	58,602	52%	14,728	43,874	298%
215 and 216 HCD BLOCK GRANT							
HCD allocation	181,306	181,306	-	n/a	-	-	n/a
Interest Income/Other Revenue	50,000	50,000	14,809	30%	3,434	11,375	331%
<u>Transfers</u>		<u>-</u>		<u>n/a</u>			<u>n/a</u>
215 and 216 HCD BLOCK GRANT	231,306	231,306	14,809	6%	3,434	11,375	331%
210 COMMUNITY CENTER	119,041	119,041	107,213	90%	201,831	(94,618)	-47%
220 MUSEUM RENTAL	212	212	32	15%	1	31	3100%
225 ASSET SEIZURE	2,057	2,057	497	24%	32	465	1453%
226 OES/FEMA	-	-	-	n/a	4,940	(4,940)	-100%
229 LIGHTING AND LANDSCAPE	107,429	107,429	540	1%	1,227	(687)	-56%
232 ENVIRONMENTAL PROGRAMS	380,755	380,755	132,178	35%	96,994	35,184	36%
234 MOBILE HOME PARK RENT STAB.	2,507	2,507	6,256	250%	30,098	(23,842)	-79%
235 SENIOR HOUSING	85,541	85,541	2,062	2%	963	1,099	114%
236 HOUSING MITIGATION	37,500	37,500	9,033	24%	_	9,033	n/a
240 EMPLOYEE ASSISTANCE	80,786	80,786	40,237	50%	-	40,237	n/a
TOTAL SPECIAL REVENUE FUNDS	5,247,039	5,247,039	2,543,907	48%	2,171,517	372,390	17%



FILLIS			OUDDENIE			INOD (DECE)	
FUND	ADODTED	AMENDED	CURRENT	0/	DDIOD	INCR (DECR)	0/
REVENUE	ADOPTED BUDGET	AMENDED	YTD	% OF BUDGET	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	1,129,006	1,129,006	222,881	20%	92,122	130,759	142%
302 PARK MAINTENANCE	155,300	155,300	150,789	97%	59,638	91,151	153%
303 LOCAL DRAINAGE	315,223	315,223	203,419	65%	138,963	64,456	46%
304 LOCAL DRAINAGE/NON AB1600	139,949	139,949	143,990	103%	34,610	109,380	316%
305 OFF-STREET PARKING	152	152	34	22%	3	31	1033%
306 OPEN SPACE			2,151	n/a		2,151	n/a
309 TRAFFIC MITIGATION	1,080,268	1,080,268	267,004	25%	836,431	(569,427)	
311 POLICE MITIGATION	64,919	64,919	45,152	70%	9,681	35,471	366%
313 FIRE MITIGATION	166,935	166,935	111,510	67%	33,114	78,396	237%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	12,084,000	12,084,000	6,415,034	53%	5,329,560	1,085,474	20%
Development Agreements	-	· <u>-</u>	-	n/a	-	-	n/a
Interest Income, Rents	595,853	595,853	136,529	23%	371,116	(234,587)	-63%
Other Agencies/Current Charges	152,500	152,500	4,549	<u>3%</u>	3,403	1,146	<u>34%</u>
317 RDA CAPITAL PROJECTS	12,832,353	12,832,353	6,556,112	51%	5,704,079	852,033	15%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	3,438,000	3,438,000	1,605,444	47%	1,332,390	273,054	20%
Interest Income, Rent	100,000	100,000	47,730	48%	17,348	30,382	175%
<u>Other</u>	590	590	540	<u>92%</u>	380	160	<u>42%</u>
327/328 RDA L/M HOUSING	3,538,590	3,538,590	1,653,714	47%	1,350,118	303,596	22%
346 PUBLIC FACILITIES NON-AB1600	254,300	254,300	47,182	19%	6,840	40,342	590%
347 PUBLIC FACILITIES	148,617	148,617	44,446	30%	29,539	14,907	50%
348 LIBRARY	36,299	36,299	18,481	51%	8,343	10,138	122%
350 UNDERGROUNDING	692,745	692,745	44,962	6%	156,762	(111,800)	-71%
340 MORGAN HILL BUS.RANCH CIP I	1,825	1,825	409	22%	38	371	976%
342 MORGAN HILL BUS.RANCH CIP II	2,052	2,052	460	22%	43	417	970%
TOTAL CAPITAL PROJECTS FUNDS	20,558,533	20,558,533	9,512,696	46%	8,460,324	1,052,372	12%
DEBT SERVICE FUNDS							
527 HIDDEN CREEK	_			n/a			n/a
	-	-	-	n/a n/a	-	-	n/a n/a
533 DUNNE AVE. / CONDIT ROAD 536 ENCINO HILLS	4,209	4,209	576	11/a 14%	-	576	n/a
536 ENCINO HILLS 539 MORGAN HILL BUSINESS PARK	4,209 7,707	4,209 7,707	99	14%		99	n/a n/a
		•					
542 SUTTER BUSINESS PARK	6,215	6,215	211	3% 3%	0.764	211	n/a
545 COCHRANE BUSINESS PARK	158,673	158,673	4,228	3% 4%	2,761	1,467	53%
551 JOLEEN WAY	43,068	43,068	271	1%	459	(188)	-41%
TOTAL DEBT SERVICE FUNDS	219,872	219,872	5,385	2%	3,220	2,165	67%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,389,650	5,389,650	2,556,665	47%	2,686,665	(130,000)	-5%
Interest Income	295,119	295,119	38,102	13%	80,668	(42,566)	-53%
Sewer Rate Stabilization	295,119	295,119	30,102	n/a	80,008	(42,300)	-55 / ₀ n/a
Other Revenue/Current Charges	113,900	113,900	74,510	65%	98,410	(23,900)	-24%
640 SEWER OPERATION	5,798,669	5,798,669		46%	2,865,743	(196,466)	<u>-24 /6</u> - 7%
640 SEWER OPERATION	5,796,669	5,796,669	2,669,277	46%	2,000,743	(196,466)	-7%
641 SEWER EXPANSION							
Interest Income	176,887	176,887	52,851	30%	5,129	47,722	930%
Connection Fees	1,125,000	1,125,000	236,102	21%	880,230	(644,128)	-73%
<u>Other</u>			396	<u>n/a</u>	396		n/a
641 SEWER EXPANSION	1,301,887	1,301,887	289,349	22%	885,755	(596,406)	-67%
642 SEWER RATE STABILIZATION	123,378	123,378	30,432	25%	1,755	28,677	1634%
643 SEWER-CAPITAL PROJECT	608,429	608,429	157,023	26%	4,579	152,444	3329%
TOTAL SEWER FUNDS	7,832,363	7,832,363	3,146,081	40%	3,757,832	(611,751)	-16%
						•	
650 WATER OPERATION							
Water Sales	5,855,915	5,855,915	3,619,512	62%	3,699,656	(80,144)	-2%
Meter Install & Service	48,000	48,000	29,494	61%	25,201	4,293	17%
Transfers-In, and Interest Income	384,673	384,673	128,251	33%	87,772	40,479	46%
Other Revenue/Current Charges	171,770	171,770	196,857	115%	144,990	51,867	36%
650 WATER OPERATION	6,460,358	6,460,358	3,974,114	62%	3,957,619	16,495	0%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	480,602	1,980,602	125,584	6%	220	125,364	56984%
Water Connection Fees	387,000	387,000	71,374	<u>18%</u>	64,776	6,598	<u>10%</u>
651 WATER EXPANSION	867,602	2,367,602	196,958	8%	64,996	131,962	203%
652 Water Rate Stabilization	32,844	32,844	7,359	22%	530	6,829	1288%
653 Water Capital Project	1,207,662	1,207,662	335,923	28%	2,102	333,821	15881%
TOTAL WATER FUNDS	8,568,466	10,068,466	4,514,354	45%	4,025,247	489,107	12%
TOTAL ENTERPRISE FUNDS	16,400,829	17,900,829	7,660,435	43%	7,783,079	(122,644)	-2%
	10,400,023	17,300,023	1,000,400	43 /0	1,100,010	(122,044)	-2 70
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	381,190	381,190	190,594	50%	172,899	17,695	10%
740 BUILDING MAINTENANCE SERVICES	837,139	837,139	418,601	50%	403,728	14,873	4%
745 CIP ADMINISTRATION	1,308,226	1,308,226	591,738	45%	471,474	120,264	26%
760 UNEMPLOYMENT INSURANCE	970	970	-	n/a	-	-	n/a
770 WORKERS COMPENSATION	399,907	399,907	223,210	56%	112,740	110,470	98%
790 EQUIPMENT REPLACEMENT	511,371	511,371	270,199	53%	208,194	62,005	30%
793 CORPORATION YARD COMMISSION	233,033	233,033	852,548	366%	191,331	661,217	346%
795 GENERAL LIABILITY INSURANCE	387,806	387,806	173,899	45%	187,204	(13,305)	-7%
TOTAL INTERNAL SERVICE FUNDS	4,059,642	4,059,642	2,720,789	67%	1,747,570	973,219	56%



FUND	ADORTED	AMENDED	CURRENT	0/	PDIOD	INCR (DECR)	0/
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	OF BUDGET
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	135,458	135,458	12,386	9%	8,561	3,825	45%
842 M.H. BUS.RANCH A.D. II	99,679	99,679	2,044	2%	1,053	991	94%
843 M.H. BUS.RANCH 1998	939,155	939,155	9,094	1%	15,590	(6,496)	-42%
845 MADRONE BP-TAX EXEMPT	846,721	846,721	(26,679)	-3%	68,583	(95,262)	-139%
846 MADRONE BP-TAXABLE	184,234	184,234	35,599	19%	352	35,247	10013%
848 TENNANT AVE.BUS.PK A.D.	332,553	332,553	2,772	1%	124,760	(121,988)	-98%
881 POLICE DONATION TRUST FUND	1,371	1,371	178	13%	67	111	166%
TOTAL AGENCY FUNDS	2,539,171	2,539,171	35,394	1%	218,966	(183,572)	-84%
TOTAL FOR ALL FUNDS	65,271,494	66,771,494	29,278,989	44%	27,098,933	1,468,764	5%



		THIS						
FUND		MONTH						PERCENT OF
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET

	LXI LINOLO	DODOLI	DODOLI	LXI LIIOLO	LITOOMBITATIOL	ALLOGATED	DODOLI
010 GENERAL FUND							
I. GENERAL GOVERNMENT							
COUNCIL AND MISCELLANEOUS GOV	/T.						
City Council	23,560	236,417	326,275	90,836	6,247	97,083	30%
Community Promotions	6,941	40,604	47,303	24,302	7,557	31,859	<u>67%</u>
COUNCIL AND MISCELLANEOUS GO	30,501	277,021	373,578	115,138	13,804	128,942	35%
CITY ATTORNEY	98,716	668,556	681,176	340,050	-	340,050	<u>50%</u>
CITY MANAGER							
City Manager	38,729	393,276	446,628	211,096	36,000	247,096	55%
Cable Television	11,727	46,755	61,366	41,755	17,111	58,866	96%
Communications & Marketing	9,068	116,982	116,982	46,717	6,901	53,618	<u>46%</u>
CITY MANAGER	59,524	557,013	624,976	299,568	60,012	359,580	58%
RECREATION							
Recreation	34,921	479,220	486,520	236,403	29,997	266,400	55%
Community & Cultural Center	27,744	684,196	710,546	112,570	20,825	133,395	19%
Building Maintenance (CCC)	12,381	205,115	220,115	48,776		48,776	<u>22%</u>
RECREATION	75,046	1,368,531	1,417,181	397,749	50,822	448,571	32%
HUMAN RESOURCES							
Human Resources	49,476	606,543	607,257	297,066	7,714	304,780	50%
Volunteer Programs	4,173	38,193	38,193	23,004	-	23,004	<u>60%</u>
HUMAN RESOURCES	53,649	644,736	645,450	320,070	7,714	327,784	51%
CITY CLERK							
City Clerk	19,693	373,823	404,150	127,475	861	128,336	32%
Elections	3,512	65,811	65,811	20.647	-	20,647	<u>31%</u>
CITY CLERK	23,205	439,634	469,961	148,122	861	148,983	32%
FINANCE	96,326	1,075,090	1,094,207	473,293	2,853	476,146	44%
MEDICAL SERVICES	-	120,000	120,000	-	-	-	n/a
TOTAL GENERAL GOVERNMENT	436,967	5,150,581	5,426,529	2,093,990	136,066	2,230,056	41%
II. PUBLIC SAFETY							
POLICE							
PD Administration	33.163	596,573	596,573	220,932		220,932	37%
Patrol	254,298	3,131,616	3,138,478	1,544,832	3,005	1,547,837	49%
Support Services	80,772	867,088	868,069	491,026	6,773	497,799	49 <i>%</i> 57%
Emergency Services/Haz Mat	8,000	89,549	89,549	38,451	0,773	38,451	43%
Special Operations	59,010	792,804	792,804	413,387		413,387	52%
Animal Control	5,129	71.919	71,919	32,609	_	32,609	45%
Dispatch Services	40,073	821,421	885,913	283,140	1,582	284,722	32%
POLICE	480,445	6,370,970	6,443,305	3,024,377	11,360	3,035,737	47%
FIRE	301,995	3,623,938	3,623,938	1,811,969	-	1,811,969	50%
TOTAL PUBLIC SAFETY	782,440	9,994,908	10,067,243	4,836,346	11,360	4,847,706	48%
	102,770	0,004,000	10,001,240	1,000,040	11,000	-1,0-77,700	-10/0
III. COMMUNITY IMPROVEMENT							
PARK MAINTENANCE	50,533	826,483	879,230	407,795	74,134	481,929	55%
TOTAL COMMUNITY IMPROVEMENT	50,533	826,483	879,230	407,795	74,134	481,929	55%



FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
IV. TRA	NSFERS							
	Street Maintenance	(25,000)	377,000	377,000	94,250	_	94,250	25%
	Community Center	(-,,	100,000	100,000	100,000	-	100,000	100%
	General Plan Update	30,000	60,000	60,000	30,000	-	30,000	<u>50%</u>
то	OTAL TRANSFERS	5,000	537,000	537,000	224,250	-	224,250	42%
TOTAL C	GENERAL FUND	1,274,940	16,508,972	16,910,002	7,562,381	221,560	7,783,941	46%
SPECIAL	L REVENUE FUNDS							
202 STRI	EET MAINTENANCE	440.511	4 =0= :==	4.00=	202 ===	244.45	202 22 :	1001
	Street Maintenance/Traffic	118,914	1,705,475	1,835,629	696,732	211,469	908,201	49%
	Congestion Management Street CIP	3,632 13,380	79,820 120,097	79,820 1.383.774	32,741 167,289	- 816,058	32,741 983,347	41% 71%
202 STR	EET MAINTENANCE	135,926	1,905,392	3,299,223	896,762	1,027,527	1,924,289	58%
204/205	PUBLIC SAFETY/SUPP.LAW	121,276	315,538	315,538	166,501		166,501	53%
		,	,	,	,		,	
206 CON	MMUNITY DEVELOPMENT FUND	04.040	4 4 4 6 0 4 6	4 400 050	E04 C0C	100 007	754 500	50 0/
	Planning Building	84,219 73,974	1,146,916 1,040,589	1,422,356 1,129,357	581,686 458,134	169,837 93,278	751,523 551,412	53% 49%
	PW-Engineering	53,562	1,120,346	1,160,252	470,100	146,522	616,622	53%
206 CON	MMUNITY DEVELOPMENT FUND	211,755	3,307,851	3,711,965	1,509,920	409,637	1,919,557	52%
207	GENERAL PLAN UPDATE	794	162,996	176,489	5,337	12,993	18,330	10%
210	COMMUNITY CENTER	-	520,332	520,332	-	.2,000	-	n/a
215/216	CDBG	2,093	231,306	232,806	3,493	33,807	37,300	16%
220	MUSEUM RENTAL	262	3,069	3,069	1,373	-	1,373	45%
225	ASSET SEIZURE		34,060	34,060	20,000	-	20,000	59%
226	OES/FEMA	-	-	-	-	-	· -	n/a
229	LIGHTING AND LANDSCAPE	9,369	138,672	139,639	74,953	28,027	102,980	74%
232	ENVIRONMENT PROGRAMS	39,324	318,170	384,242	147,210	79,546	226,756	59%
234	MOBILE HOME PARK	1,483	70,335	70,335	6,906	-	6,906	10%
236	HOUSING MITIGATION FUND		1,032,119	1,032,119	2,865	12,135	15,000	1%
240	EMPLOYEE ASSISTANCE	(690)	40,000	40,000	39,692	-	39,692	99%
TOTAL S	SPECIAL REVENUE FUNDS	521,592	8,079,840	9,959,817	2,875,012	1,603,672	4,478,684	45%
CARITAL	L PROJECT FUNDS							
CAPITAL								
	DARK DEVELOPMENT	7.000	0.050.50=	2 242 222	70.001	40 70 4	400 750	407
301	PARK DEVELOPMENT	7,890	2,856,587	3,213,090	76,994	46,764	123,758	4% 27%
301 302	PARK MAINTENANCE	•	165,000	170,422	41,226	5,060	46,286	27%
301 302 303	PARK MAINTENANCE LOCAL DRAINAGE	1,686	165,000 1,866,589	170,422 2,094,305	41,226 2,727	5,060	46,286 2,727	27% 0%
301 302 303 304	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600	1,686 16,190	165,000 1,866,589 161,727	170,422 2,094,305 396,685	41,226 2,727 39,236	5,060 - 39,665	46,286 2,727 78,901	27% 0% 20%
301 302 303 304 309	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION	1,686 16,190 27,452	165,000 1,866,589 161,727 183,541	170,422 2,094,305 396,685 1,524,117	41,226 2,727 39,236 341,401	5,060 - 39,665 692,037	46,286 2,727 78,901 1,033,438	27% 0% 20% 68%
301 302 303 304 309 311	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION	1,686 16,190 27,452 512	165,000 1,866,589 161,727 183,541 1,058,142	170,422 2,094,305 396,685 1,524,117 1,058,142	41,226 2,727 39,236 341,401 50,722	5,060 - 39,665	46,286 2,727 78,901 1,033,438 58,282	27% 0% 20% 68% 6%
301 302 303 304 309 311 313	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION FIRE MITIGATION	1,686 16,190 27,452 512 119	165,000 1,866,589 161,727 183,541 1,058,142 1,428	170,422 2,094,305 396,685 1,524,117 1,058,142 1,428	41,226 2,727 39,236 341,401 50,722 150,714	5,060 - 39,665 692,037 7,560	46,286 2,727 78,901 1,033,438 58,282 150,714	27% 0% 20% 68% 6% 10554%
301 302 303 304 309 311 313 317	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION FIRE MITIGATION RDA BUSINESS ASSISTANCE	1,686 16,190 27,452 512 119 2,032,159	165,000 1,866,589 161,727 183,541 1,058,142 1,428 19,353,409	170,422 2,094,305 396,685 1,524,117 1,058,142 1,428 32,455,749	41,226 2,727 39,236 341,401 50,722 150,714 12,864,361	5,060 - 39,665 692,037 7,560 - 2,405,067	46,286 2,727 78,901 1,033,438 58,282 150,714 15,269,428	27% 0% 20% 68% 6% 10554%
301 302 303 304 309 311 313 317 327/328	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION FIRE MITIGATION	1,686 16,190 27,452 512 119	165,000 1,866,589 161,727 183,541 1,058,142 1,428	170,422 2,094,305 396,685 1,524,117 1,058,142 1,428	41,226 2,727 39,236 341,401 50,722 150,714	5,060 - 39,665 692,037 7,560	46,286 2,727 78,901 1,033,438 58,282 150,714	27% 0% 20% 68% 6% 10554%
301 302 303 304 309 311 313 317 327/328 346	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION FIRE MITIGATION RDA BUSINESS ASSISTANCE RDA HOUSING	1,686 16,190 27,452 512 119 2,032,159 110,532	165,000 1,866,589 161,727 183,541 1,058,142 1,428 19,353,409 6,313,976	170,422 2,094,305 396,685 1,524,117 1,058,142 1,428 32,455,749 6,888,925	41,226 2,727 39,236 341,401 50,722 150,714 12,864,361 1,447,008	5,060 - 39,665 692,037 7,560 - 2,405,067 73,920	46,286 2,727 78,901 1,033,438 58,282 150,714 15,269,428 1,520,928	27% 0% 20% 68% 6% 10554% 47% 22% n/a
	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION FIRE MITIGATION RDA BUSINESS ASSISTANCE RDA HOUSING PUBLIC FAC.NON AB1600	1,686 16,190 27,452 512 119 2,032,159	165,000 1,866,589 161,727 183,541 1,058,142 1,428 19,353,409	170,422 2,094,305 396,685 1,524,117 1,058,142 1,428 32,455,749	41,226 2,727 39,236 341,401 50,722 150,714 12,864,361	5,060 - 39,665 692,037 7,560 - 2,405,067	46,286 2,727 78,901 1,033,438 58,282 150,714 15,269,428	27% 0% 20% 68% 6% 10554% 47% 22%
301 302 303 304 309 311 313 317 327/328 346 347	PARK MAINTENANCE LOCAL DRAINAGE LOCAL DRAIN. NON-AB1600 TRAFFIC MITIGATION POLICE MITIGATION FIRE MITIGATION RDA BUSINESS ASSISTANCE RDA HOUSING PUBLIC FAC.NON AB1600 PUBLIC FACILITIES	1,686 16,190 27,452 512 119 2,032,159 110,532	165,000 1,866,589 161,727 183,541 1,058,142 1,428 19,353,409 6,313,976	170,422 2,094,305 396,685 1,524,117 1,058,142 1,428 32,455,749 6,888,925 1,155,026	41,226 2,727 39,236 341,401 50,722 150,714 12,864,361 1,447,008	5,060 - 39,665 692,037 7,560 - 2,405,067 73,920	46,286 2,727 78,901 1,033,438 58,282 150,714 15,269,428 1,520,928	27% 0% 20% 68% 6% 10554% 47% 22% n/a 93%



FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	PERCENT O
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
DEBT SE	ERVICE FUNDS							
527	HIDDEN CREEK A.D.	_	_	_	_	_	_	n/a
536	ENCINO HILLS A.D.	_	_	_	500	_	500	n/a
539	MORGAN HILL BUS. PARK A.D.	_	_	_	562	_	562	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	502	-	502	n/a
			420 200	420 200	277.004	-	277 604	
545 551	COCHRANE BUS. PARK A.D. JOLEEN WAY A.D.	581 581	139,309 42,569	139,309 42,569	377,694 3,780	-	377,694 3,780	271% 9%
				·				
TOTAL I	DEBT SERVICE FUNDS	1,162	181,878	181,878	382,536	•	382,536	210%
ENTERP	RISE FUNDS							
SEWER								
640	SEWER OPERATION	160,457	6,875,234	6,927,089	3,457,444	49,150	3,506,594	51%
641	CAPITAL EXPANSION	364,194	4,006,874	4,536,874	718,169	23,968	742,137	16%
		-			-	23,300	•	
642	SEWER CARITAL BROJECTS	183	2,190	2,190	1,095	054.000	1,095	50%
643	SEWER-CAPITAL PROJECTS	372,972	1,822,627	3,156,637	726,755	354,036	1,080,791	<u>34%</u>
TOTAL S	SEWER FUND(S)	897,806	12,706,925	14,622,790	4,903,463	427,154	5,330,617	36%
VATER								
	Water Operations Division	355,387	6,948,657	8,646,405	2,957,514	253,538	3,211,052	37%
	Meter Reading/Repair	29,914	616,878	688,718	329,491	169,358	498,849	72%
	Utility Billing	24,482	347,753	458,755	157,678	121,753	279,431	61%
	Water Conservation	747	11,320	11,320	2,453		2,453	<u>22%</u>
50	WATER OPERATIONS	410,530	7,924,608	9,805,198	3,447,136	544,649	3,991,785	41%
51	CAPITAL EXPANSION	120,410	900,234	3,123,047	664,543	494,353	1,158,896	37%
552	WATER RATE STABILIZATION	42	509	509	255	-	255	50%
553	WATER-CAPITAL PROJECTS	245,645	810,955	4,622,731	995,891	763,482	1,759,373	38%
TOTAL V	WATER FUND(S)	776,627	9,636,306	17,551,485	5,107,825	1,802,484	6,910,309	39%
TOTAL E	ENTERPRISE FUNDS	1,674,433	22,343,231	32,174,275	10,011,288	2,229,638	12,240,926	38%
INTERN	AL SERVICE FUNDS							
IN I LIXIN	AL SERVICE I SINDS							
730	INFORMATION SERVICES	17,632	586,190	653,455	242,382	104,546	346,928	53%
740	BUILDING MAINTENANCE	33,712	588,128	659,440	242,567	32,161	274,728	42%
45	CIP ENGINEERING	70,703	1,308,227	1,374,356	591,738	160,530	752,268	55%
'60	UNEMPLOYMENT		25,000	25,000	18,402	-	18,402	74%
70	WORKERS COMPENSATION	53,670	482,200	539,025	342,225	41,325	383,550	71%
90	EQUIPMENT REPLACEMENT	136	186,472	186,472	13,446	4,774	18,220	10%
93	CORP YARD COMMISSION	926	227,600	337,970	604,978	99,838	704,816	209%
95	GEN. LIABILITY INSURANCE	112	330,600	330,600	26,087	-	26,087	8%
TOTAL I	NTERNAL SERVICE FUNDS	176,891	3,734,417	4,106,318	2,081,825	443,174	2,524,999	61%
A GENCY	/ FUNDS							
841	MORGAN HILL BUS RANCH I	581	730,155	730,155	506,908	-	506,908	69%
342	MORGAN HILL BUS RANCH II	1,460	89,995	89,995	106,742	-	106,742	119%
343	MORGAN HILL BUS RANCH 98	1,465	883,336	883,336	581,852	-	581,852	66%
345	MADRONE BP-TAX EXEMPT	581	1,084,479	1,084,479	494,422	-	494,422	46%
346	MADRONE BP-TAXABLE	581	183,851	183,851	98,844	-	98,844	54%
348	TENNANT AVE BUS PARK AD		-	-	836	-	836	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
OTAL A	AGENCY FUNDS	4,668	2,971,816	2,971,816	1,789,604	-	1,789,604	60%
REPORT	TOTAL	5,853,337	86,567,577	115,992,607	39,940,697	8,621,055	48,561,752	42%
0111		0,000,007	00,001,011	. 10,032,007	00,040,007	0,021,000	10,001,102	72 /0



City of Morgan Hill Enterprise Funds Report - Fiscal Year 2002/03 For the Month of December 2002 50% of Year Completed

YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

		Sewer Oper	rations			Water Ope	rations	
			% of	Prior			% of	Prior
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
Operations								
Revenues								
Service Charges Meter Install & Service	\$ 5,389,650	\$ 2,556,665	47%	, ,,,,,,,,,	48,000	\$ 3,619,512 29,494	62% 61%	25,201
Other	113,900	74,510	65%	98,410	155,566	202,899	130%	119,930
Total Operating Revenues	5,503,550	2,631,175	48%	2,785,075	6,059,481	3,851,905	64%	3,844,787
Expenses								
Operations Meter Reading/Repair Utility Billing/Water Conservation	3,924,903	1,788,473	46%	1,725,621	2,823,117 616,878 359,073	2,140,344 329,491 160,131	76% 53% 45%	1,886,575 199,501 152,689
Total Operating Expenses	3,924,903	1,788,473	46%	1,725,621	3,799,068	2,629,966	69%	2,238,765
Operating Income (Loss)	1,578,647	842,702		1,059,454	2,260,413	1,221,939		1,606,022
Nonoperating revenue (expense)								
Interest Income Interest Expense/Debt Services Principal Expense/Debt Services	295,119 (1,403,954) (655,000)	38,102 (713,283) (635,000)	13% 51% 97%	(711,155)	, , ,		16% 49% 14%	54,318 (169,344) (27,176)
Total Nonoperating revenue (expense)	(1,763,835)	(1,310,181)		(1,285,487)	(321,040)	(158,150)		(142,202)
Income before operating xfers	(185,188)	(467,479)		(226,033)	1,939,373	1,063,789		1,463,820
Operating transfers in Operating transfers (out)	- (891,377)	- (320,688)	36%	- - (175,272)	173,877 (3,577,500)	86,939 (623,750)	50% 17%	58,514 (121,667)
Net Income (Loss)	\$ (1,076,565)	\$ (788,167)		\$ (401,305)	\$ (1,464,250)	\$ 526,978		\$ 1,400,667



City of Morgan Hill Balance Sheets - Water and Sewer Funds **December 31, 2002** 50% of Year Complete

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	4,235,388	6,587,189	3,586,214	4,380,902
Restricted ¹	1,894,964	5,345,329	390,368	319,456
Accounts Receivable		6,169		
Utility Receivables	833,957		910,428	
Less Allowance for Doubtful Accounts	(15,230)		(57,625)	
Notes Receivable ²		107,470		
Fixed Assets ³	33,230,110	7,321,152	24,217,670	5,644,680
Other Assets	0			
Total Assets	40,179,189	19,367,309	29,047,055	10,345,038
LIABILITIES				
Accounts Payable and Accrued Liabilities Deposits for Water Services Deferred Revenue ⁴	386,803	204,953	66,259 44,470	
Bonds Payable	25,390,000		6,205,194	
Discount on Bonds and Other Liabilities	(2,162,478)		(1,016,593)	
Accrued Vacation and Comp Time	40,560		64,885	
Total liabilities	23,654,885	204,953	5,364,215	0
FUND EQUITY				
Contributed Capital Retained Earnings	7,155,284		13,742,872	
Reserved for:				
Noncurrent water/sewer assets & debt	9,932,191	7,321,267	19,148,861	5,644,680
Encumbrances	49,150	378,004	544,649	1,257,835
Notes Receivable		107,470		
Restricted Cash	1,894,964		390,368	
Total Reserved Retained Earnings	11,876,305	7,806,741	20,083,878	6,902,515
Unreserved Retained Earnings	4,647,999	11,355,615	3,598,962	3,442,523
Total Fund Equity	16,524,304	19,162,356	23,682,840	10,345,038
Total Liabilities and Fund Equity	40,179,189	19,367,309	29,047,055	10,345,038

Restricted for Bond Reserve requirements and capital expansion.
 Includes Note for Sewer Financing Agreements.
 Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2002-2003 December 31, 2002 50% of Year Complete

RDA L/M Housing Sewer

	(Fund 010)	(Fund 317)	L/W Housing (Fund 327/328)	(Fund 640)	(Fund 650)
ASSETS	(Fund 616)	(i and oir)	(1 and 021/020)	(i ana o io)	(i ana coo)
Cash and investments: Unrestricted	11,145,763	14,064,890	3,955,100	4,235,388	3,586,214
Restricted ¹	4,150			1,894,964	390,368
Accounts Receivable Utility Receivables (Sewer and Water) Less Allowance for Doubtful Accounts	880,447		20	833,957 (15,230)	910,428 (57,625)
Loans and Notes Receivable ²	458,453	3,206,125	22,654,479	(**,=***)	(51,520)
Due from other Funds Fixed Assets ³		71,049		33,230,110	24,217,670
Other Assets		,		30,200,110	_ ,_ ,, ,, ,
Total Assets	12,488,813	17,342,064	26,609,599	40,179,189	29,047,055
LIABILITIES					
Accounts Payable and Accrued Liabilities Deposits for Water Services	122,188	11,046	10,319	386,803	66,259 44,470
Deferred Revenue ⁴ Bonds Payable	866,443	999,969	5,549,211	25,390,000	6,205,194
Discount on Bonds and Other Liabilities	905,985			(2,162,478)	(1,016,593)
Accrued Vacation and Comp Time	123,769	5,249	2,162	40,560	64,885
Total liabilities	2,018,385	1,016,264	5,561,692	23,654,885	5,364,215
FUND EQUITY					
Contributed Capital				7,155,284	13,742,872
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt Encumbrances Restricted Cash Impact Fee Capital Improvements Advance to Other Funds	221,560	2,405,067	73,920	9,932,191 49,150 1,894,964	19,148,861 544,649 390,368
RDA properties held for resale Loans and Notes Receivable Ecumenical Housing/Via Ciolino		71,049 2,206,154			
Total Reserved Fund Equity	221,560	4,682,270	17,179,189	11,876,305	20,083,878
Designated Fund Equity ⁵	3,382,000				
Unreserved/Undesignated Fund Equity	6,866,868	11,643,530	3,868,718	4,647,999	3,598,962
Total Fund Equity	10,470,428	16,325,800	21,047,907	16,524,304	23,682,840
Total Liabilities and Fund Equity	12,488,813	17,342,064	26,609,599	40,179,189	29,047,055

General Fund

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

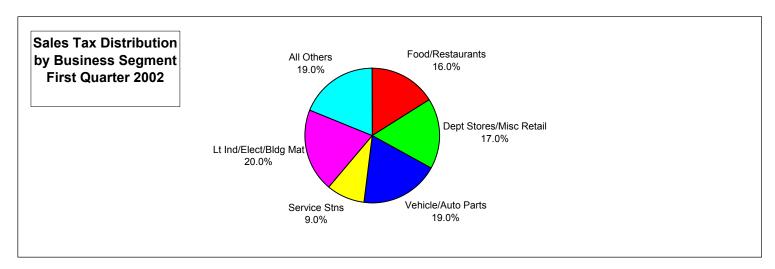
⁴ Includes the deferred payment portion of the loans noted above.

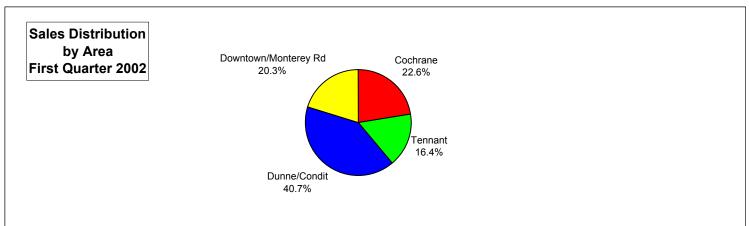
 $^{^{\}rm 5}$ Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



City of Morgan Hill Sales Tax Comparison - Fiscal Year 2002/03 For the Month of December 2002 50% of Year Complete

	Amount Collecte	d for Month f	or Fiscal Year	Amount Colle	ected YTD for	Fiscal Year	Comparison of YTD for fiscal years		
Month	02/03	01/02	00/01	02/03	01/02	00/01	02/03 to 01/02	02/03 to 00/01	
		•	•		•	•	•		
July	\$367,600	\$377,700	\$306,000	\$367,600	\$377,700	\$306,000	(10,100)	61,600	
August	\$447,000	\$503,600	\$408,000	\$814,600	\$881,300	\$714,000	(66,700)	100,600	
September	\$361,932	\$437,056	\$584,766	\$1,176,532	\$1,318,356	\$1,298,766	(141,824)	(122,234)	
October	\$354,915	\$339,000	\$319,200	\$1,531,447	\$1,657,356	\$1,617,966	(125,909)	(86,519)	
November	\$474,800	\$452,000	\$425,600	\$2,006,247	\$2,109,356	\$2,043,566	(103,109)	(37,319)	
December	\$384,154	\$538,465	\$524,333	\$2,390,401	\$2,647,821	\$2,567,899	(257,420)	(177,498)	
January		\$393,900	\$337,700		\$3,041,721	\$2,905,599			
February		\$466,068	\$450,200		\$3,507,789	\$3,355,799			
March		\$351,548	\$607,260		\$3,859,337	\$3,963,059			
April		\$341,042	\$324,700		\$4,200,379	\$4,287,759			
May		\$461,500	\$432,900		\$4,661,879	\$4,720,659			
June		\$275,116	\$811,473		\$4,936,995	\$5,532,132			
Year To Da	ite Totals			\$2,390,401	\$4,936,995	\$5,532,132			
Sales Tax E	Budget for Year			\$5,330,000	\$5,300,000	\$4,462,817			
Percent of	Budget			45%	93%	124%			
	increase(decreas	e)					-10%	-7%	







CITY COUNCIL STAFF REPORT MEETING DATE: January 15, 2003

PUBLIC ACCESS TELEVISION SERVICES

RECOMMENDED ACTION:

Authorize the City Manager to Execute a Contract with Morgan Hill Access Television for Public Access Services

Assistant to the City Manager Submitted By: City Manager

Agenda Item # 2

EXECUTIVE SUMMARY:

Morgan Hill Access Television (MHAT) has been broadcasting public access programming in Morgan Hill for over three years. Their original contract has expired and the sole purpose of this item is to renew their contractual arrangement.

MHAT has reasonably met their contractual obligations during the prior contract period and has served the community well. Their recent move to an expanded office and studio should enable them to dramatically increase community involvement in public access programming during the next two years.

The proposed attached contract is based on their original contract with minor amendments that have been reviewed and approved by the City Attorney. Staff recommends that the Council authorize the City Manager to execute a contract with MHAT for public access programming services.

FISCAL IMPACT:

This agreement authorizes the expenditure of funds, but does not actually commit the expenditure of funds. As a matter of past practice, one-half of the access support funds received from Charter annually have been forwarded to MHAT. This amount, approximately \$16,000, is MHAT's major annual funding. It is staff's intention to continue including this amount in the City's annual budget.



CITY COUNCIL STAFF REPORT MEETING DATE: January 15, 2003

TITLE: AMENDMENT TO AGREEMENT WITH THE LAW FIRM OF DOWNEY, BRAND, SEYMOUR & ROHWER, LLP

rigen	ida Item # 3
Prep	ared By:
(Title	e)
Appı	roved By:
(Dep	artment Director)
Subr	nitted By:

RECOMMENDED ACTIONS:

Authorize the City Manager to execute an Amended Agreement with the law firm of Downey, Brand, Seymour & Rohwer, LLP.

EXECUTIVE SUMMARY:

On October 17, 2001, the Council authorized the City Attorney to retain outside counsel to represent the City in an action challenging the redistricting plan adopted by the State of California. The City Attorney's Office hired the law firm of Downey, Brand, Seymour and Rohwer, LLP, a Sacramento law firm specializing in electoral matters, to represent the City.

On October 31, 2002, the City entered into its second contract with Downey, Brand, Seymour and Rowher, LLP, in the amount of \$20,000. The current contract is insufficient to cover the fees and expenses associated with the ongoing discovery and upcoming hearing in this matter. Therefore, staff is recommending that Council approve the attached Amendment to Agreement increasing the contract amount to \$60,000. This amount should be sufficient to cover the fees and costs associated with the discovery phase and scheduled hearing in this matter.

FISCAL IMPACT:

The cost of this agreement can be accommodated in the City Attorney's Office budget. No additional appropriation is necessary at this time.



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

Prepared By:	
City Clerk	
City Cierk	
Approved By:	
City Attorney	
Submitted By:	

RESOLUTION AMENDING THE RECORDS RETENTION SCHEDULE FOR CITY OF MORGAN HILL

RECOMMENDED ACTION(S):

Motion to adopt Resolution No. 5628, Amending the City's Record Retention Schedule.

EXECUTIVE SUMMARY: In January 1996, the City Council adopted Resolution No. 4967, a Records Retention Schedule. The resolution requires that the retention schedule be reviewed annually and updated when necessary. The Council Services and Records Manager coordinated a city-wide review of the Records Retention Schedule and is recommending some revisions to the Schedule in order to provide greater clarity and efficiency in the process of legal retention and destruction of records. Only the amended pages of the City of Morgan Hill Retention/Disposition Schedule are attached (Exhibit "A"). Items that have been added, deleted, or amended are highlighted in grayscale.

FISCAL IMPACT: The time preparing the staff report was accommodated by the City Clerk's operating budget and work plan.

RESOLUTION NO. 5628

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE RECORDS RETENTION SCHEDULE FOR THE CITY OF MORGAN HILL

WHEREAS, it is necessary to provide a system for effectively managing the paperwork, audio and video tapes, and other miscellaneous items accumulated in the daily operations of the City of Morgan Hill; and

WHEREAS, Section 34090 of the Government Code of the State of California provides guidelines for destroying records that have served their purpose and are no longer required; and

WHEREAS, the City Council did, by the adoption of Resolution No. 4967 in January of 1996, and as amended by the adoption of Resolution No. 5137 on November 19, 1997, Resolution No. 5238 on December 16, 1998, Resolution No. 5347 on February 2, 2000, Resolution No. 5440 on December 6, 2000, and Resolution No. 5535 on December 5, 2001, approve a Records Retention Schedule which standardizes the length of time records are kept, according to all applicable legal, fiscal, administrative and historic requirements; and

WHEREAS, pursuant to provisions outlined in Resolution No. 4967, the Records Retention Schedule has been reviewed and certain revisions are deemed necessary to provide for greater clarity and efficiency in the areas of retention and destruction.

NOW THEREFORE BE IT RESOLVED, that the City Council does hereby approve the amendment to a portion of the Records Retention Schedule, attached hereto and incorporated by reference as Exhibit A and directs the City Clerk to continue to review annually state and federal regulations and update the Records Retention Schedule as necessary.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 15th day of January, 2003 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

EXECUTION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. 5628 adopted by the City Council at the Regular Meeting on January 15, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:		
	Irma Torrez, City Clerk	



CITY COUNCIL STAFF REPORT MEETING DATE: January 15, 2003

MEASURE P UPDATE COMMITTEE-COMPLETION OF ASSIGNMENT

RECOMMENDED ACTION(S):

By minute action, allow Committee to submit its final report to City Council on May 7, 2003

EXECUTIVE SUMMARY: When it approved formation of the Measure P Update Committee and the scope of work for that group, the City Council asked that the Committee's final report be presented to the Council on February 7, 2003. It is unlikely that the Committee will complete its assignment by that date.

Agenda Item # 5
Prepared By:
Community Development Director
Submitted By:
City Manager

The Measure P Update Committee has met approximately 12 times over the past five months. In the course of those meetings, the Committee has identified most of the changes it would like to make to the initiative and has begun drafting the specific changes to it. The Committee has held one community workshop to receive input regarding changes to be made to the initiative. The Committee has taken more time than anticipated in its discussions of the need to provide additional homes to meet the City's mandated "fair share allocation" and the replacement of the east/west split with a Downtown Core area. The additional time has been necessary in order to ensure that Committee members understand and fully support the proposed changes.

It is anticipated that the Committee will finalize a draft of its proposed amendments by mid to late February. After completion of the draft, the specific initiative language will be drafted by legal counsel and the community will be surveyed regarding their support of the draft amendments. From mid March to the end of April, the Committee will conduct a community workshop on the draft changes and finalize their recommendations for Council consideration.

Staff proposes that the preliminary recommendations of the Committee be submitted to the Council and Planning Commission in late February or early March. This will give the Commission and Council the opportunity to review the draft amendments and provide any necessary feedback to the Committee before they complete their assignment.

FISCAL IMPACT:

There is no fiscal impact associated with this request.



CITY COUNCIL STAFF REPORT

MEETING DATE: January 15, 2003

Urban Limit Line (Greenbelt) Study Approval of Consultant Contract RECOMMENDED ACTION(S):

1. Approve the attached contract with Moore Iacofano Goltsman, Inc. (MIG) for work on the Urban Limit Line Study with a maximum budget of \$245,783.

2. Approve a budget amendment to increase the Greenbelt Study budget by \$45,783 with a \$27,470 appropriation from the General Plan Update fund and loan from the other contributing funds.

EXECUTIVE SUMMARY: The City of Morgan Hill's General Plan incorporates a number of Policies and Actions that call for undertaking a Greenbelt Study. The establishment of Greenbelt boundaries is commonly called an Urban Limit Line. On October 2, 2002 the City Council reviewed a Scope of Work for the

Urban Limit Line Study and authorized the City Manager to initiate a Consultant Selection Process.

Agenda Item # 6

Prepared By:

Community
Development Director

Submitted By:

City Manager

City staff distributed a Request for Proposal (RFP) to fifteen consulting firms, including firms that had requested the RFP as well as firms identified by city staff as having experience with this type of planning study. Responses were received from two consultant teams. On December 4, 2002, representatives from the two teams were interviewed by Mayor Dennis Kennedy, Community Development Director David Bischoff, Contract Planner Ken Schreiber and County Planning Department staff members Hugh Graham and Bill Shoe. Based on the written response to the RFP and the interviews, the Committee unanimously concluded that the Moore Iacofano Goltsman (MIG) team was best qualified to undertake the Study

Numerous details of the Scope and Budget (see attached contract) were clarified and refined in December during staff/MIG discussions. The Study is not intended to be a General Plan process for the year 2050. Rather, the Study is intended to focus on identification of land that is not intended to be part of the urban area during the next 45 to 50 years, as well as several specific land use issues identified in the General Plan. This approach will focus the Study and simplify the environmental review process. However, if the Study Advisory Committee or the subsequent City and/or County review processes determine that new land use designations should be considered (except for specific issues identified in the General Plan), the study and environmental review processes will become more complicated and the attached contract may need to be amended to reflect the cost of additional analysis.

The cost of work to be done by the MIG team (\$223,783) is essentially the same as the total budget reviewed in the consultant selection process. The Study will be a complicated planning effort. Given the potential for unforeseen issues and work, it is recommended that the budget authorization include a ten percent (\$22,000) contingency amount. The contingency would only be used after authorization was granted by the Director of Community Development.

FISCAL IMPACT: The 2002-03 City budget authorized \$200,000 for this Study. Funding for the project comes from the General Plan Update fund (60%), the RDA (20%), and the Sewer, Water, Traffic, and Park Developments (5%each). An additional \$45,783 is needed for the base contract plus the contingency. It is recommended that the Council approve a supplemental appropriation of \$27,470 from the General Plan fund and a direct charge as a loan from other funds as specified in the original budget for this contract. The fund sources to supplement the budget do <u>not</u> include General Fund monies.



CITY COUNCIL STAFF REPORT MEETING DATE: January 15, 2003

EXTENSION OF CONTRACT FOR CONSULTANT PLANNING SERVICES

RECOMMENDED ACTION(S):

Authorize the City Manager to Execute a Contract in the amount of \$100,000 for contract planning services.

EXECUTIVE SUMMARY:

The budget for FY 2002-2003 again includes funding for a new Senior Planner position. That position was added to undertake a number of important projects authorized by the Council, including the update of the Zoning and Subdivision Ordinance, update of the Downtown Plan and update of the Design Review Ordinance and Architectural Review Handbook. Our efforts to fill this position have been unsuccessful. So as not to delay the start of the above planning projects, the City retained the services of a contract planner to assist with processing of current development applications. This has allowed current staff, the Planning Manager, Senior Planner and Associate Planner to work on the above assignments. The contract planner is authorized to work a maximum of 20 hours per week.

On September 18, 2002, the City Council approved a contract with Pacific Municipal Consultants to provide planning services through January 31, 2003. During this time, Human Resources conducted a recruitment process for the permanent senior planner position. We hoped to have that position filled before the end of the calendar year. Unfortunately, we were not able to find an acceptable candidate. Given the current budget constraints, staff has decided not to fill the permanent position and instead continue with the part time contract services through the end of the current fiscal year, through June 30, 2003. As with the previous contract, the cost of the contract planner will be paid from the unused salary for the Senior Planner position.

In addition to the vacant senior planner position, our Assistant Planner has accepted a promotion with another agency and will be leaving the City within the next two weeks. The Assistant Planner's departure increases our need for contract services until that position can be filled. Accordingly, the proposed contract extension would also authorize the contract planner to work more than 20 hours per week as needed based on the Planning Division's work load and the need to assume some of the Assistant Planner's assignments.

FISCAL IMPACT:

There would be no net effect on the budget by approval of this contract extension. Contract costs would be paid for out of salary savings from the vacant Senior Planner and Assistant Planner positions.

Agenda	Item #	7	

Prepared By:

Planning Manager

Approved By:

Community Development Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: January 15, 2003

ENVIRONMENTAL ASSESSMENT APPLICATION EA-02-30: SAN PEDRO-CITY OF MORGAN HILL

RECOMMENDED ACTION(S):

1. Adopt Negative Declaration by minute action.

EXECUTIVE SUMMARY:

The San Pedro Groundwater Recharge Ponds were constructed in the early 1990's at the northwest corner of Hill Road and San Pedro Road. The project site is 29-acres containing seven irregularly shaped ponds. In 2001, the City and

the Santa Clara Valley Water District discussed opening the site to the public as a park. The existing water district maintenance roads would be used as biking, jogging and hiking trails. The City agreed to build a three foot high fence around the maintenance roads to restrict park users from those areas.

In 2002, the City issued a categorical exception under CEQA, as it believed that constructing fences fell under exemption 15301(4) "Existing Facilities", for which no CEQA review is required. However, that analysis was incorrect and the City determined to undertake further environmental review.

The potential environmental impacts of the project were evaluated in an Expanded Initial Study report prepared by H.T. Harvey & Associates. The report found the project would have no adverse environmental impact. The City did not receive comments during the 30-day public comment period. Given that the project would have no environmental impacts, and, in particular, no impact on migratory birds, approval of the attached Negative Declaration is recommended.

FISCAL IMPACT: Fiscal impact included staff time and H.T. Harvey & Associates cost of \$6594.32. This amount will be charged to the City's Park Development Fund.

Attachments:

- 1. Negative Declaration/Expanded Initial Study Checklist
- 2. H.T. Harvey & Associates Initial Study Biological Report

Agenda Item # 8 Prepared By: **Assistant Planner** Approved By: Community **Development Director Submitted By:** City Manager



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

Deputy City Clerk

Agenda Item # 9

Approved By:

Prepared By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1598, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1523, NEW SERIES, TO AMEND THE DEVELOPMENT AGREEMENT TO INCORPORATE A SIX MONTH EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR 5 BUILDING ALLOTMENTS FOR FY 2001-2002 AND A FIVE MONTH EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR 11 BUILDING ALLOTMENTS FOR FY 2002-2003 FOR APPLICATION MP 00-22: COCHRANE - DIVIDEND (APNs 728-42-008, 017; AND 728-43-021.)

RECOMMENDED ACTION(S): Motion to Adopt Ordinance No. 1598, New Series.

EXECUTIVE SUMMARY:

On December 18, 2002, the City Council Introduced Ordinance No. 1598, New Series, by the Following Roll Call Vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1598, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1523, NEW SERIES, TO AMEND THE DEVELOPMENT AGREEMENT TO INCORPORATE A SIX MONTH EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR 5 BUILDING ALLOTMENTS FOR FY 2001-2002 AND A FIVE MONTH EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR 11 BUILDING ALLOTMENTS FOR FY 2002-2003 FOR APPLICATION MP 00-22: COCHRANE - DIVIDEND (APNs 728-42-008, 017; AND 728-43-021.)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission and City Council, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 01-32, adopted May 22, 2001 and City Council Resolution No. 5473 approved July 11, 2001, has awarded allotments to a certain project herein after described as follows:

Project Total Dwelling Units
MP 00-22: Cochrane-Dividend Homes 5 for FY 2001-02 & 11 for FY 2002-03

SECTION 4. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 5. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

SECTION 6. EXCEPTION TO LOSS OF BUILDING ALLOCATION. The project applicant has in a timely manner, submitted necessary planning applications to pursue development. The applicant is requesting to amend the approved development agreement to allow for a six-month extension of time for 5 building allotments for FY 2001-2002 and a five-month extension of time for 11 building allocations for FY 2002-2003, due to delays not the result of developer inaction. Delays in the project processing have occurred due to extended environmental review and City processing. Exception to Loss of Building Allocation, extending the time for commencement of construction for 5 units from December 30, 2002 to May 31, 2003 and for 11 units from June 30, 2003 to December 30, 2003 is granted.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1598, New Series Page - 2 -

SECTION 8. AMENDMENT TO PARAGRAPH 14, ADDING THE FOLLOWING SUBSECTION (v). The project shall provide the following information, by address for each unit, to the Community Development Department:

- -Date of sale
- -The number of bedrooms.
- -The final sales price

This information shall be reported on an annual basis for the calender year and is due to the City by March 30 of the following year for every year until the project is completed and all units are sold.

SECTION 9. Exhibit B of the development agreement is amended to read as follows:

EXHIBIT "B"

Amendment to Exhibit "B" of DA -01-06: Cochrane-Coyote Estates

DEVELOPMENT SCHEDULE MP-00-22: Cochrane-Dividend Homes FY 2001-2002, FY 2002-2003

I.	SUBDIVISION AND ZONING APPLICATIONS Applications Filed:	July 31, 2001
II.	SITE REVIEW APPLICATION Application Filed:	July 31, 2001
III.	FINAL MAP SUBMITTAL Map, Improvements Agreement and Bonds:	March 1, 2002
IV.	BUILDING PERMIT SUBMITTAL Submit plans to Building Division for plan check:	April 2, 2002
V.	PULL BUILDING PERMITS-FY 2001-02 5 permits must be pulled from the Building Division:	May 8, 2002 November 8, 2002 May 31, 2003
VI.	COMMENCE CONSTRUCTION-FY 2001-02 Construction must have begun on 5 permits.	June 30, 2002 December 30, 2002 May 31, 2003
VII.	PULL BUILDING PERMITS-FY 2002-03 11 permits must be pulled from the Building Division:	May 8, 2003 September 30, 2003
VIII.	COMMENCE CONSTRUCTION-FY 2002-03 Construction must have begun on 11 permits.	June 30, 2003 December 30, 2003

Failure to obtain building permits and commence construction by the date listed above, shall result in the loss of building allocations. Submittal of a Final Map Application or a Building Permit Application, six (6) or more months beyond the filing dates listed above shall result in applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additional, failure to meet the Final Map Submittal, Building Permit Submittal, or Pull Permit deadlines listed above may result in loss of building allocations. In such event, the property owner must re-apply

City of Morgan Hill Ordinance No. 1598, New Series Page - 3 -

under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 5 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 18th Day of December 2002 and was finally adopted at a regular meeting of said Council on the 15th Day of January, 2003 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSENT: ABSTAIN:		
ATTEST:		APPROVED:
Irma Torrez	, City Clerk	Dennis Kennedy, Mayor
	CERTIFICATE O	F THE CITY CLERK
CALIFORN 1598, New Se	IA, do hereby certify that the fore	RK OF THE CITY OF MORGAN HILL, egoing is a true and correct copy of Ordinance No. of the City of Morgan Hill, California at their regular.
WITN	NESS MY HAND AND THE SE	AL OF THE CITY OF MORGAN HILL.
DATE:		IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

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Deputy City Clerk

Agenda Item # 10

Approved By:

Prepared By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1601, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO AMEND A PRECISE DEVELOPMENT PLAN TO ALLOW FOR A 59 UNIT R-1 (7,000)/RPD SINGLE-FAMILY RESIDENTIAL PLANNED DEVELOPMENT LOCATED ON THE NORTH SIDE OF CENTRAL AVENUE - SOUTH OF MORGAN HILL BUSINESS PARK, BETWEEN SERENE DRIVE AND BUTTERFIELD BLVD. (APNS 726-28-001 & 002).

RECOMMENDED ACTION(S): Motion to Adopt Ordinance No. 1601, New Series.

EXECUTIVE SUMMARY:

On December 18, 2002, the City Council Introduced Ordinance No. 1601, New Series, by the Following Roll Call Vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1601, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO AMEND A PRECISE DEVELOPMENT PLAN TO ALLOW FOR A 59 UNIT R-1 (7,000)/RPD SINGLE-FAMILY RESIDENTIAL PLANNED DEVELOPMENT LOCATED ON THE NORTH SIDE OF CENTRAL AVENUE - SOUTH OF MORGAN HILL BUSINESS PARK, BETWEEN SERENE DRIVE AND BUTTERFIELD BLVD. (APNS 726-28-001 & 002)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

- **SECTION 1.** The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.
- **SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- **SECTION 3.** An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration will be filed.
- **SECTION 4.** The City Council finds that the proposed RPD amendment is consistent with the criteria specified in Chapter 18.18 of the Morgan Hill Municipal Code.
- **SECTION 5.** The City Council hereby approves of an amended precise development plan as contained in that certain series of documents dated November 20, 2002 on file in the Community Development Department, entitled "The Morgan Lane Subdivision" prepared by M.H. Engineering. This certain series of documents replaces the August 24, 2001 documents referenced under Ordinance 1537. These documents, as amended by site and architectural review, show the exact location and sizes of all units in this development and the location and dimensions of all proposed buildings, vehicle and pedestrian circulation ways, recreational amenities, parking areas, landscape areas and any other purposeful uses on the project.
- **SECTION 6.** Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.
- **SECTION 7.** Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

City of Morgan Hill Ordinance No. 1601, New Series Page - 2 -

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 18th Day of December 2002 and was finally adopted at a regular meeting of said Council on the 15th Day of January, 2003 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSENT: ABSTAIN:		
ATTEST:		APPROVED:
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor
	CERTIFICATE OF 1	THE CITY CLERK
CALIFORN 1601, New Se	IA, do hereby certify that the forego	OF THE CITY OF MORGAN HILL, ing is a true and correct copy of Ordinance No. ae City of Morgan Hill, California at their regular
WIT	NESS MY HAND AND THE SEAI	OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

ADOPT ORDINANCE NO. 1602, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA 02-08 FOR MP 01-09: CENTRAL AVE.-WARMINGTON (APNS 726-28-001 & 002).

Agenda Item # 11	
Prepared By:	
Deputy City Clerk	
Approved By:	
City Clerk	
Submitted By:	
City Manager	

RECOMMENDED ACTION(S): Motion to Adopt Ordinance No. 1602, New Series.

EXECUTIVE SUMMARY:

On December 18, 2002, the City Council Introduced Ordinance No. 1602, New Series, by the Following Roll Call Vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1602, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA 02-08 FOR MP 01-09: CENTRAL AVE.-WARMINGTON (APNS 726-28-001 & 002)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 02-36, adopted May 14, 2002, has awarded allotments to that certain project herein after described as follows:

Project

Total Dwelling Units

MP 01-09: Central Ave.-Warmington

8 single-family homes

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1602, New Series Page - 2 -

SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 18th Day of December 2002 and was finally adopted at a regular meeting of said Council on the 15th Day of January, 2003 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSENT: ABSTAIN:	COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez	z, City Clerk	Dennis Kennedy, Mayor
	CERTIFICATE OF	THE CITY CLERK
CALIFORN 1602, New Se	IIA, do hereby certify that the foreg	K OF THE CITY OF MORGAN HILL, going is a true and correct copy of Ordinance No. The City of Morgan Hill, California at their regular
WIT	NESS MY HAND AND THE SEA	AL OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

ADOPT ORDINANCE NO. 1603, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 18.54.160 OF THE MORGAN HILL MUNICIPAL CODE ESTABLISHING REGULATIONS FOR PARKING LOT AND SIDEWALK SALES.

Agenda Item # 1	2
Prepared By:	
Deputy City Clerk	ζ
Approved By:	
City Clerk	
Submitted By:	
zazmiciou by:	
City Manager	
City Manager	

RECOMMENDED ACTION(S): Motion to Adopt Ordinance No. 1603, New Series, as amended.

EXECUTIVE SUMMARY:

On December 18, 2002, the City Council Introduced Ordinance No. 1603, New Series, as amended, by the Following Roll Call Vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT: The final cost for preparation of staff reports, meetings and other research for this item has not been determined. The cost will be charged to the Community Development Fund pursuant to City Council policy.

ORDINANCE NO. 1603, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 18.54.160 OF THE MORGAN HILL MUNICIPAL CODE ESTABLISHING REGULATIONS FOR PARKING LOT AND SIDEWALK SALES

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN:

SECTION 1. Subsection A § 18.54.160 of the Morgan Hill Municipal Code is amended to read as follows:

- A. Parking Lot/Sidewalk Sales. Such uses shall be limited to seven days in any one-hundred eighty-day period *and shall be subject to the following requirements:*
 - 1. A business or other entity conducting a parking lot or sidewalk sale shall obtain a city business license at least 14 days prior to the date of such sale.
 - 2. Prior to issuance of a temporary use permit, an application for a temporary seller's permit shall be filed with the State of California Board of Equalization and the applicant must state on the form that the sales will take place in the City of Morgan Hill.
 - 3. Prior to issuance of a temporary use permit, the applicant shall provide a cash deposit to the Community Development Department to ensure the parking lot is returned to a clean and debris-free state.

SECTION 2. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 3. Effective Date; Publication. This Ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the

City of Morgan Hill Ordinance No. 1603, New Series Page - 2 -

City of Morgan Hill held on the 18th Day of December 2002 and was finally adopted at a regular meeting of said Council on the 15th Day of January, 2003 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:		
NOES:			
ABSENT:			
ABSTAIN:	COUNCIL MEMBERS:		
ATTEST:		APPROVED:	
Irma Torre	z, City Clerk	Dennis Kennedy, Mayor	
	CERTIFICATE OF	THE CITY CLERK	
CALIFORN 1603, New S	NIA, do hereby certify that the foreg	OF THE CITY OF MORGAN HID oing is a true and correct copy of Ordinance at the City of Morgan Hill, California at their regulary.	No.
WIT	NESS MY HAND AND THE SEA	L OF THE CITY OF MORGAN HILL.	
DATE:			
		IRMA TORREZ, City Clerk	

ITEM #:	13	
		_

Submitted for Approval: January 15, 2003

CITY OF MORGAN HILL SPECIAL CITY COUNCIL MEETING MINUTES- DECEMBER 18, 2002

CALL TO ORDER

Mayor Kennedy called the meeting to order at 2:10 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Tate, Sellers, and Mayor Kennedy

Absent: Council Members Carr and Chang

DECLARATION OF POSTING OF AGENDA

The meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

OTHER BUSINESS:

1. <u>LEGISLATIVE DISCUSSION WITH ASSEMBLYMAN JOHN LAIRD, 27TH ASSEMBLY DISTRICT</u>

Assemblyman Laird introduced himself and his staff member, Mr. Gary Schallcross, and reported on his introduction to his new seat in the State Assembly. He also reported that the State budget deficit is now estimated to reach \$21 billion this year, with \$15 billion continuing as a deficit in succeeding years because of current law requirements. This deficit is significant and will affect all State programs. Cuts will be sought before tax increases, but will not be sufficient to cover the deficit. He suggested that the Council advocate for their legislators to make tough choices to bring the budget deficit under control.

The following items were brought before Assemblyman Laird by the Council and the City Manager as areas of high priority to the City of Morgan Hill; and Mr. Laird was asked to provide support for Morgan Hill regarding these issues:

A. Flood Control Project PL 5656 and Keeping This Funding Coming to Morgan Hill

B. Regional Development Issues and Interregional Cooperation in the Development Process

- 1. Particularly the development of Coyote Valley.
- 2. The problem of areas that supply jobs using surrounding areas as bedroom communities.

C. <u>Transportation</u>

- 1. The train station in Coyote Valley is listed among the Governor's recommended budget reduction items.
- 2. Extension of Cal Train service south from Gilroy to Salinas.

D. Medical Services Needs in Morgan Hill

Action: Discussion and Information Only.

CLOSED SESSION:

1.

EXISTING LITIGATION:

Case Title: Dave Mendoza v. City of Morgan Hill
Case Number: WCAB 01052788; San Jose WCAB
City Negotiators: Helene Leichter; Mary Kaye Fisher

<u>Action:</u> Council Member Tate made a motion, seconded by Council Member Sellers, to

Continue the Closed Session item to 6:00 p.m. this evening. Approved (3-0), with

Council Members Carr and Chang absent.

Council Member Sellers excused himself from the remainder of the meeting.

ADJOURN TO 6:00 P.M. THIS EVENING

Meeting was adjourned at 3:05 p.m. because City Council quorum was no longer present.

Informal discussion continued regarding the following topics:

- E. State Investment in Economic Development to Boost the Economic Recovery
- F. Impact on Morgan Hill Projects of the Redevelopment Agency Funding Reduction by the State
- G. <u>Discussion of what Morgan Hill can do to Present Their Budget Needs to the State Legislators</u>.

Discussion ended at 3:15 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 6:02 p.m.

City of Morgan Hill Special City Council Meeting December 18, 2002 - Minutes Page -3-

ROLL CALL ATTENDANCE

Present: Council Members Carr, Chang, Sellers, Tate and Mayor Kennedy

CLOSED SESSION:

City Attorney Leichter announced the below listed closed session.

1.

EXISTING LITIGATION:

Case Title: Dave Mendoza v. City of Morgan Hill
Case Number: WCAB 01052788; San Jose WCAB
City Negotiators: Helene Leichter; Mary Kaye Fisher

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the closed session item to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to closed session at 6:04 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 7:04 p.m.

CLOSES SESSION ANNOUNCEMENT

City Attorney Leichter announced that no reportable action was taken in closed session.

ADJOURNMENT

Mayor Kennedy adjourned the meeting at 7:05 p.m.

MINUTES PREPARED BY:

MOIRA MALONE, Deputy City Clerk

IRMA TORREZ, City Clerk

Submitted for Approval: January 15, 2003

CITY OF MORGAN HILL JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES - DECEMBER 18, 2002

CALL TO ORDER

Mayor/Chairperson Kennedy called the meeting to order at 6:02 p.m.

ROLL CALL ATTENDANCE

Present: Mayor/Chairperson Kennedy, Council/Agency Members Carr, Chang, Tate, Sellers

DECLARATION OF POSTING OF AGENDA

Deputy City Clerk/Deputy Agency Secretary Malone certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Attorney/Agency Counsel Leichter announced the below listed closed session items. She indicated that a closed session, listed under the earlier 2:00 p.m. special meeting agenda, was continued to this time.

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Significant Exposure/Initiation of Litigation

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 4

2.

CONFERENCE WITH LEGAL COUNSEL - POTENTIAL AND EXISTING LITIGATION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Legal Authority: Government Code 54956.8 & 54956.9(a) & (c) (1 potential case)

Real Property(ies) involved: APN 728-31-007 & 008; 25.50 acres located on the southwesterly side of

Cochrane Road (St. Louise Hospital property)

City Negotiators: Agency Members; Executive Director; Agency Counsel; F. Gale Conner,

special counsel; Rutan & Tucker, special counsel

Case Name: San Jose Christian College v. City of Morgan Hill
Case Numbers: Ninth Circuit Court of Appeal No. 02-15693
Closed Session Topic: Potential Existing Litigation/Real Estate Negotiations

3.

EXISTING LITIGATION:

Case Title: Kennedy et al. v. Davis et al.

Case Name/No.: Santa Clara County Superior Court Case No. CV 803679

4.

EXISTING LITIGATION:

Case Title: Andrew Jones v. City of Morgan Hill Case Number: WCAB 93300028; San Jose WCAB City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes - December 18, 2002 Page -2-

City Negotiators: Helene Leichter; Mary Kaye Fisher

5.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code section 54956.9(a)

Case Name: Hacienda Valley Mobile Estates v. City of Morgan Hill
Case Numbers: Santa Clara County Superior CV 807708; Ninth Circuit Court of

Appeal 02-15986

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairperson Kennedy opened the closed session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairperson Kennedy adjourned the meeting to closed session at 6:04 p.m.

RECONVENE

Mayor/Chairperson Kennedy reconvened the meeting at 7:04 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Leichter announced that there was no reportable action taken in closed session.

Mayor/Chairman Kennedy opened the closed session items to public comment. No comments were offered.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Mayor/Chairperson Kennedy, Chief of Police Jerry Galvin led the Pledge of Allegiance.

PROCLAMATIONS

Mayor Kennedy presented Debbie Simon with a Certificate of Recognition for years of service with the City of Morgan Hill Police Department.

PRESENTATIONS

Billy Lewis, Chair and Christopher England, Vice-Chair of the Youth Advisory Committee, reported on their experiences at the September 2002 League of California Cities Conference. Mr. Lewis addressed community leadership, technology, and adaptive problems; while Mr. England addressed

City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes - December 18, 2002 Page -2-

engaging the future, youth involvement in one's City and Carolyn A. Martin's (Dean of Faculty at Rainmaker Thinking Technology, Portland Oregon) five universal truths of youth.

The report from Brittany Bach, Youth Advisory Committee Presentation on Healthy Communities Health/Youth Conference was deferred.

CITY COUNCIL REPORT

Council Member Tate congratulated Therese Lugger and the Youth Advisory Committee on the outstanding job that was done on the Cultural Dance Program held on December 8, 2002 at the new Community and Cultural Center. He addressed the following: 1) Library Joint Powers Authority met last week in a special meeting to discuss a single subject matter: placing the continuation of the current parcel assessment for libraries within the Santa Clara County Joint Powers Authority Library District on the March 2004 ballot. He indicated that the Library Joint Powers Authority has launched a campaign effort to extend the parcel tax for the library that will expire in 2005. He stated that the new county librarian, Melinda Cervantes, attended this meeting. He noted that Ms. Cervantes does not officially start her new position until December 30, 2002. He met with her in advance of the special meeting and indicated that he spent time talking to her about her successful application of Proposition 14 funds for the Hercules Library project. He felt that she would be a valuable asset in terms of getting the City's application ready for the next round of Proposition 14 funding. 2) Last week, Council Member Sellers attended the last session of the Downtown Task Force, noting that the Downtown Plan is somewhat finalized in terms of including final input. 3) He indicated that he and Council Member Carr serve on the Economic Development Strategy Committee. He stated that this Committee has a couple of loose ends in terms of the Downtown Task Force that the Committee would like to look at in terms of prioritization of City assistance to the downtown to kick start the Downtown Plan. He said that the Committee would be meeting with some of the downtown property owners regarding economic development issues in order to get them further defined. 4) He and Council Member Carr also serve on the Measure P Update Committee. This Committee is interfaced with the Downtown Committee as well in terms of looking at facilitating/integrating housing into the downtown, both market and below rate market housing. He indicated that the Measure P Update Committee is not on target and that the Committee will be returning to the Council in January 2003 to update it on the schedule. He congratulated and praised City staff involved in the opening week activities at the Community and Cultural Center. He thanked staff for showing off this new public facility so well.

Mayor Kennedy also thanked and congratulated City staff for the wonderful job that they did on the Community and Cultural Center.

CITY MANAGER'S REPORT

City Manager Tewes indicated that traditionally, under the City Manager's Report, he would report on the State's budget problems. He stated that he has not had the opportunity to analyze the recently released Governor's budget. He indicated that staff would be reporting to the Council more formally at subsequent meetings. He invited Director of Public Works Ashcraft to report on the storm and flood control issues, specifically, how the City prepares for floods, how City staff responded to the recent rains, and the long range solutions being worked on.

City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes - December 18, 2002 Page -4-

Director of Public Works Ashcraft indicated that the good news is that the City has received over half the rainfall that it would typically receive this time of year. If the rain continues with this pattern, the reservoirs will fill up and the drought will be over. However, he noted that the rain fell much too quickly for the City's conveyance systems to handle. He said that on Monday, within a four-hour period, a rain gage located at the Corporation Yard registered 2.3 inches of rain. This led to the first significant flooding that the City has had in over 3 years. He said that 75% of the properties in town are subject to 100 year flooding. He indicated that West Little Llagas Creek flooded from the intersection of Llagas Road and Llagas Creek, including Old Monterey and Monterey Road. Fischer Creek also flooded to the south end of town at Watsonville Road. He indicated that all of the problems experienced 3-4 years ago due to all El Nino recurred. He said that hillside areas also flooded, with the worst property damage occurring at Jackson School where an earth drainage ditch became over loaded. He did not believe that there was a lot of structural damage to the school but just a lot of clean up to be done. Also, in the Woodland areas, the hillsides above Llagas had a mud flow that plugged the catch basin. This resulted in a two day clean up of unclogging a catch basin. He said that City staff does a lot of flood preparation before the winter rain and when there are warnings of high storms. He said that staff makes sure that the catch basins are cleaned before storms arrive. He indicated that the City's conveyance systems can handle 2-inches of rain over a 24-hour period. However, anything above the two inches would create a problem. He said that staff is working on priorities to relieve flooding.

CITY ATTORNEY'S REPORT

City Attorney Leichter indicated that a litigation summary has been distributed and that there was nothing else to report.

PUBLIC COMMENT

Mayor/Chairperson Kennedy opened the floor to comments for items not appearing on this evening's agenda. No comments were offered.

City Council Action

CONSENT CALENDAR:

Mayor Kennedy and Council Member Sellers requested that item 3, and Mayor Pro Tempore Chang requested that item 11 be pulled from the Consent Calendar.

Action: On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0), Approved Consent Items 1, 2, 4-10 and 12, as follows:

1. NOVEMBER 2002 FINANCE AND INVESTMENT REPORT Action: Accepted and Filed Report.

2. <u>AB 1600 DEVELOPMENT IMPACT FEE REPORT FOR FISCAL YEAR 2001/2002</u>

<u>Action:</u> <u>Accepted</u> and <u>Filed</u> the AB 1600 Development Impact Fee Report for the 2001/2002 Fiscal Year.

4. <u>APPROVAL OF SUBDIVISION IMPROVEMENT AGREEMENT WITH SOUTH</u> VALLEY DEVELOPERS, INC. - MONTEREY ROAD APN 764-10-004

<u>Action:</u> 1) <u>Approved</u> the Subdivision Improvement Agreement; and 2) <u>Authorized</u> the City Manager to Sign the Agreement on Behalf of the City with South Valley Developers, Inc., Monterey Road (APN 764-10-004).

5. <u>AMEND PROFESSIONAL SERVICES AGREEMENT FOR DESIGN OF TENNANT AVENUE WIDENING PROJECT</u>

<u>Action:</u> 1) <u>Approved</u> Additional Scope of Work for MH Engineering in the Amount of \$1,800; and 2) <u>Authorized</u> the City Manager to Execute an Amendment to the Existing Professional Services Agreement for Design Services for the Tennant Avenue Widening Project. The Total Amended Professional Services Agreement Shall Not Exceed \$44,210.

1. <u>AWARD FOR SIDEWALK, CURB AND GUTTER REMOVAL AND REPLACEMENT 2002-2003 PROJECT</u>

<u>Action:</u> <u>Awarded</u> Contract to Monterey Peninsula Engineering, Inc. for the Construction of the Sidewalk, Curb and Gutter Removal and Replacement 2002-2003 Project in the Amount of \$34,275.

2. <u>COMMUNITY AND CULTURAL CENTER PROJECT AND COMMUNITY PLAYHOUSE NOVEMBER CONSTRUCTION PROGRESS REPORT Action: Information only.</u>

3. MILLER NETWORKS CONTRACT AMENDMENT

<u>Action:</u> <u>Authorized</u> the City Manager to Execute a Contract Amendment with Miller Networks.

4. <u>SUBDIVISION APPLICATION SD 02-10: CENTRAL AVENUE-WARMINGTON</u> <u>Action: Took No Action</u>, Thereby Concurring with the Planning Commission's Decision Regarding Approval of the Subdivision Map.

5. <u>AMENDMENT TO THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM EXEMPTION POLICY</u> - Resolution No. 5629

<u>Action:</u> <u>Adopted</u> Resolution No. 5629, Approving Recommended Changes to the City Council Residential Development Control System Exemption Policy.

12. <u>SPECIAL CITY COUNCIL MEETING MINUTES FOR DECEMBER 4, 2002</u> *Action: Approved the Minutes as written.*

3. GROUND LANDSCAPE MAINTENANCE SERVICES FOR THE COMMUNITY AND CULTURAL CENTER

Mayor Kennedy inquired whether any other bids were received, noting that only one bid is identified

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by staff?

Director of Public Works Ashcraft indicated that only one bid was received. He stated that staff conducted a mandatory pre bid conference with two contractors showing up for this meeting. However, when it came to submitting bids, staff received only one bid. He said that the other firm that attended the mandatory pre bid conference stated that if they had an additional week, they would have submitted a bid. He noted that firms were given three weeks notice to prepare their bids and attend the pre bid conference. He did not know why other bids were not submitted. It was staff's belief that the bid is reasonable and within the budget and recommended Council award of bid.

Council Member Tate noted that the staff report states that this is a February to June (4-5 month) project while the worksheet shows a year contract.

Director of Public Works Ashcraft clarified that staff is not requesting that the Council appropriate any funds but that Council approve a contract that can run up to 12 months. It is staff's belief that the project will start within two months. Therefore, when the project starts, the price is locked in for a year. He said that the contract is based on unit work prices conducted per week. If something happens with the contract or the contractor does not perform good service, the contractor can be discharged immediately and that he would be paid for the number of weeks performed. He clarified that the contract is for \$34,000 and for a one year period. He said that the City would only pay for the services provided.

Mayor Kennedy noted that Exhibit A lists the annual quantity of work items and that they are extended out, resulting in the total price and delineates the amount of work and maintenance frequency. Therefore, his question has been answered with respect to the contract.

Council Member Sellers stated that it was indicated to him that a drip system was not installed but that a spray system was installed for the front area of the Community and Cultural Center. The individual was questioning the efficiency of the spray system and why a drip system was not used. He requested that staff investigate why a spray system was utilized and recommended that the City utilize a more efficient way of irrigating, particularly in the exterior area by Dunne Avenue and Monterey Road.

Action:

On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) <u>Authorized</u> the City Manager to Execute a Contract with Flora Terra Landscape Maintenance for Ground Landscape Services for the Community and Cultural Center, Gavilan College, and Morgan Hill Playhouse in the Amount of \$37,543.62.

11. <u>IN LIEU CONTRIBUTION FOR OPEN SPACE TRANSFER DEVELOPMENT CREDITS (TDCs)</u>

Mayor Pro Tempore Chang inquired how many TDCs have been sold and how many are anticipated to be sold in this manner?

Director of Community Development Bischoff responded that approximately 60 TDCs have been

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purchased since 1988. In terms of how many additional TDCs are anticipated to be sold, he said that any piece of property within the Morgan Hill Sphere of Influence in excess of 20% slope is eligible for transfer development credits. He said that there are certain property owners who have taken full advantage of this program while there are others who do not seem to have much interest in it. He said that a large percentage of property owners outside the City limits have not expressed an interest in the program. He said that there were several hundred TDCs available to be sold if property owners were interested and involved in the program. It was his belief that property owners may have a fear that this program may tie up their property and may impact future subdivision or development of properties. He said that staff has sent letters to property owners on El Toro advising property owners of their ability to transfer development credits from their property to other parcels. He said that staff has tried to stay out of the private party transaction. Staff has made the names of the property owners available to Measure P applicants so that they can contact the property owners to determine their interest in selling their TDCs. He indicated that he has been advised by developers that they are having a difficult time finding individuals willing to sell TDCs. He said that in lieu TDC funds are currently being placed in an open space fund, noting that there is approximately \$100,000 in this fund. Staff anticipates that should the Council approve the amendment, the City would be able to accumulate several hundred thousand dollars over the next few years. He indicated that there has been discussion about using these funds to buy property on El Toro.

Council Member Carr noted that the staff report states that the Planning Commission recommended \$30,882 per TDC commitment. He inquired why this is less than what is listed in staff's fact sheet?

Mr. Bischoff responded that the staff report states that the Planning Commission is recommending that all projects be entitled to pay in lieu fees, whatever the fee happens to be. He noted that the staff report lists the fee to be \$30,800. He said that he would need to check with the Planning Manager to determine where the \$31,000 came from. He said that the \$30,800 figure may be the number from last year. Updating the number this year may result in the \$31,000 figure. He informed the Council that the City's ordinance specifies how the amount should be determined (e.g., based on the average sale price of a single family detached home in Morgan Hill). Based upon the average sales price from year to year, the TDC fees would change.

Council Member Tate stated that the TDC price set by the City makes no obligation whatsoever to a property owner to sell it for a particular price. He felt that property owners are offering TDCs at an inflated price. He said that the problem that developers are experiencing is that they cannot purchase TDCs from property owners for the rate that the City states that they should be because the property owner is not obligated to sell it for the City's calculated price.

Mr. Bischoff said that although individuals who own properties with slopes in excess of 20% are eligible for this program, there are only two property owners who have TDCs for sale and have certificates to transfer to an individual. One individual is not interested in selling and is keeping them for his own future projects. The other individual is asking \$40,000-\$45,000 per TDC. Developers felt that they were too high and more than what the market should be. In response to Mayor Pro Tempore Chang's question, he said that calculation of TDCs is a function of the slope of the land. He calculates this to equate to five acres per TDC.

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Mayor Pro Tempore Chang inquired how much land could be purchased with in lieu fees?

Mr. Bischoff said that the City's program does not necessarily require the City to purchase TDCs. What the program suggests is that an individual purchase the right to develop property. He said that the TDC can remain in the ownership of another person but the individuals may not be able to develop it. He said that the City could purchase what the market will bare. He did not believe that the City could buy five acres with \$30,000. The purchase price would be whatever a property owner thinks that their property is worth. He stated that he did not have an answer to Mayor Pro Tempore Chang's question.

Action:

On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) <u>Authorized</u>, by Minute Action, All Residential Development Control System (RDCS) Projects to Make Monetary Contributions In-Lieu of the Purchase of Transfer Development Credits (TDC).

Redevelopment Agency Action

CONSENT CALENDAR:

<u>Action:</u> On a motion by Agency Member Sellers and seconded by Agency Member Carr, the Agency Board unanimously (5-0), <u>Approved</u> Consent Item 13, as follows:

13. NOVEMBER 2002 REDEVELOPMENT AGENCY FINANCE AND INVESTMENT REPORT

Action: Accepted and Filed Report.

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Mayor/Chairman Kennedy pulled item 14 from the Consent Calendar.

Action: On a motion by Council/Agency Member Sellers and seconded by Council/Agency

Member Carr, the City Council/Redevelopment Agency unanimously (5-0), <u>Approved</u>

Consent Item 15 as follows:

15. SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES FOR DECEMBER 4, 2002

Action: Approved the Minutes as written.

14. FISCAL YEAR 2001-2002 ANNUAL FINANCIAL REPORTS

Mayor/Chairman Kennedy congratulated Finance Director Dilles and his staff for winning the Financial Accounting awards.

Action: On a motion by Council/Agency Member Tate and seconded by Council/Agency

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Member Carr, the City Council/Redevelopment Agency unanimously (5-0) <u>Accepted</u> and <u>Filed</u> the Financial Reports for the Year Ended June 30, 2002: 1) Comprehensive Annual Financial Report for the City; and 2) Annual Financial Statements for the Redevelopment Agency.

City Council Action

PUBLIC HEARINGS:

16. <u>DEVELOPMENT AGREEMENT AMENDMENT DAA 01-06: COCHRANE-COYOTE ESTATES</u> - Ordinance No. 1598, New Series

Director of Community Development Bischoff presented the staff report. He noted that a letter from the applicant has been included. He stated that the applicant was available to attend the previous meeting but that he had a prior commitment that precludes his attendance this evening. The applicant states that should the Council have concerns about his item, that the item be continued to a meeting in January 2003.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the

City Council unanimously (5-0), Waived the Reading in Full of DAA Ordinance No.

1598, New Series.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the

City Council <u>Introduced</u> Ordinance No. 1598, New Series, by title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1523, NEW SERIES, TO AMEND THE DEVELOPMENT AGREEMENT TO INCORPORATE A SIX MONTH EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR 5 BUILDING ALLOTMENTS FOR FY 2001-2002 AND A FIVE MONTH EXCEPTION TO LOSS OF BUILDING ALLOCATION FOR 11 BUILDING ALLOTMENTS FOR FY 2002-2003 FOR APPLICATION MP 00-22: COCHRANE - DIVIDEND (APNs 728-42-008, 017; AND 728-43-021.) by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate;

NOES: None; ABSTAIN: None; ABSENT: None.

17. <u>DEVELOPMENT AGREEMENT APPLICATION, DA 02-07: SHAFER-BAMDAD</u> - Ordinance No. 1599, New Series

Mayor Kennedy recused himself from this item, noting that this item is located within 500 feet from his residence.

Director of Community Development Bischoff presented the staff report.

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Mayor Pro Tempore Chang opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the

City Council, on a 4-0 vote with Mayor Kennedy absent, Waived the Reading in Full

of Ordinance No. 1599, New Series.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the

City Council <u>Introduced</u> Ordinance No. 1599, New Series, by title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-01-07: SHAFER-BAMDAD (APN 728-10-005)/(DA-02-07: SHAFER-BAMDAD) by the following roll call vote: AYES: Carr, Chang, Sellers, Tate;

NOES: None; ABSTAIN: None; ABSENT: Kennedy.

Mayor Kennedy resumed his seat on the dias.

Mayor Pro Tempore Chang thanked Council Member Sellers and City staff for the week-long celebration of the grand opening of the Community and Cultural Center.

18. <u>DEVELOPMENT AGREEMENT DA 02-10: EAST DUNNE AVENUE - FIRST COMMUNITY HOUSING - Ordinance No. 1600, New Series</u>

Mayor Pro Tempore Chang recused herself from agenda item 18 as she resides within 500 feet from the project.

Director of Community Development Bischoff presented the staff report.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Council Member Sellers said that some of the items included in this project are fairly innovative, in particular, the energy conservation items. These are items that he would like to encourage in future projects. He commended the developer for undertaking energy conservation measures.

<u>Action:</u> On a motion by Council Member Sellers and seconded by Council Member Carr, the

City Council, on a 4-0 vote with Mayor Pro Tempore Chang absent, <u>Waived</u> the

Reading in Full of Ordinance No. 1600, New Series.

Action: On a motion by Council Member Sellers and seconded by Council Member Tate, the

City Council <u>Introduced</u> Ordinance No. 1600, New Series, by title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA-02-10: EAST DUNNE-FIRST COMMUNITY HOUSING FOR APPLICATION MP 01-12: EAST DUNNE-FIRST COMMUNITY HOUSING (APN 817-11-069) by the following roll call vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None;

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ABSTAIN: None; ABSENT: Chang.

Mayor Pro Tempore Chang resumed her seat on the dias.

19. ZONING AMENDMENT AND DEVELOPMENT AGREEMENT APPLICATIONS ZAA 01-10/DA 02-08: CENTRAL AVENUE - WARMINGTON - Ordinance Nos. 1601 and 1602, New Series

Director of Community Development Bischoff presented the staff report.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0), <u>Waived</u> the Reading in Full of Zoning Amendment Ordinance No. 1601, New Series.

Action:

On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council Introduced Ordinance No. 1601, New Series, by title only, as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO AMEND A PRECISE DEVELOPMENT PLAN TO ALLOW FOR A 59 UNIT R-1 (7,000)/RPD SINGLE-FAMILY RESIDENTIAL PLANNED DEVELOPMENT LOCATED ON THE NORTH SIDE OF CENTRAL AVENUE - SOUTH OF MORGAN HILL BUSINESS PARK, BETWEEN SERENE DRIVE AND BUTTERFIELD BOULEVARD (APNS 726-28-001 & 002) by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0), Waived the Reading in Full of Development Agreement Ordinance No. 1602, New Series.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council Introduced Ordinance No. 1602, New Series, by title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA 02-08 FOR MP 01-09: CENTRAL AVENUE-WARMINGTON (APNS 726-28-001 & 002) by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

20. <u>URBAN SERVICE BOUNDARY ADJUSTMENT 01-07: DIANA-KUBO</u> - Resolution No. 1530

Director of Community Development Bischoff presented the staff report.

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Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: On a motion by Council Member Sellers and seconded by Council Member Tate, the

City Council unanimously (5-0), <u>Adopted</u> the Mitigated Negative Declaration.

Action: On a motion by Council Member Sellers and seconded by Council Member Carr, the

City Council unanimously (5-0) Adopted Resolution No. 5630, Approving an

Amendment to the Urban Service Area Boundary.

21. <u>APPLICATION ZA-02-17: ESTABLISHING ZONING REGULATIONS FOR PARKING LOT AND SIDEWALK SALES</u> - *Ordinance No. 1603, New Series*

Director of Community Development Bischoff presented the staff report. He indicated that the Planning Commission voted unanimously to recommend that the City change its code to require a temporary sellers permit to ensure that the sales tax goes to the City of Morgan Hill. He noted that the changes that the Planning Commission is recommending this evening are: 1) a temporary sellers permit be obtained to ensure sales tax comes to Morgan Hill; 2) obtain business license and a cash bond; and 3) extend the number of days in which these types of events could occur. The frequency being recommended is that they be allowed seven days in any 90-day period of time.

Council Member Tate said that he does not know why the Planning Commission is recommending the reduction from 180 to 90 days.

Mr. Bischoff said that in speaking with staff, it was his understanding that the Planning Commission was swayed by information that suggests that a good number of individuals are attracted to these types of events. It was felt that the additional traffic would tend to have spin off benefits to other businesses in the community.

Mayor Kennedy opened the public hearing.

Sunday Minnich thanked staff for taking the Chamber of Commerce's comments into consideration with regards to parking lot and tent sales. She indicated that the Chamber of Commerce concurs with the staff report but requested that the 180-days be retained because she did not believe that anyone would want Morgan Hill to be a tent sale city. The Chamber of Commerce believes that 180 days would be sufficient for these types of events. As long as the City is going to reap the benefits from a business license and a sales permit, then the Chamber of Commerce would support the staff report recommendation.

No further comments being offered, the public hearing was closed.

Council Member Tate agreed that reducing the frequency should be considered and that they not become regular events. He also agreed that there are benefits if scheduled on a special type of a calendar.

Action: On a motion by Council Member Tate and seconded by Council Member Sellers, the

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City Council unanimously (5-0), <u>Waived</u> the Reading in Full of Ordinance No. 1603, New Series.

Action:

On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council Introduced Ordinance No. 1603, New Series, by title only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 18.54.160 OF THE MORGAN HILL MUNICIPAL CODE ESTABLISHING REGULATIONS FOR PARKING LOT AND SIDEWALK SALES, amending Section 1 (a) to retain the 180 days (deleting the 90-day recommendation) by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

Redevelopment Agency Action

PUBLIC HEARINGS:

22. <u>IMPLEMENTATION PLAN (2000 - 2004) MID-TERM REPORT</u>

Director of Business Assistance and Housing Services Toy presented the staff report relating to the Implementation Plan 2000-04.

Council Member Sellers noted that staff is showing the very low and low moderate income housing at a ratio of 2-1. He felt that the need was acute in both areas. He said that the City has moved forward with a lot of very low income units that he felt were appropriate. He inquired whether staff felt that there was a bigger gap in the low moderate housing area or whether it felt that private construction of these units have taken care of staff's concerns?

Mr. Toy responded that as part of the City's housing strategy, staff would be going over how the City will be using the funds as it applies to moderate income households for ownership as well as very low. He said that in terms of very low, there are a lot of rental projects that are being targeted to this level based on the financing resources. On the other hand, staff is finding that if it moves toward moderate income for ownership, this would be a viable housing market to target.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action:

On a motion by Agency Member Sellers and seconded by Agency Member Tate, the Agency Board unanimously (5-0), <u>Accepted</u> the City of Morgan Hill Redevelopment Agency Implementation Plan (2000-2004) Mid-Term Review of Accomplishments.

OTHER BUSINESS:

23. REPLACEMENT HOUSING PLAN FOR ROYAL COURT HOUSING

Executive Director Tewes informed the Agency Board that item 23 and 27 are related. He recommended that either item 27 be considered at this time or item 23 be considered following item

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27.

Action: It was the consensus of the Council to consider item 23 following item 27.

24. STATUS OF AGREEMENT WITH THE CHAMBER OF COMMERCE

Director of Business Assistance and Housing Services Toy presented the staff report.

Chairman Kennedy opened the floor to public comment.

Sunday Minnich addressed the nine page Chamber of Commerce status report included in the Council agenda packet. She highlighted some of the Chamber of Commerce's accomplishments. She said that the Chamber of Commerce restructured the Economic Development Committee to include 18 committee members representing various entities of the business community. She indicated that this committee was separated into two separate subcommittees: business attraction and business retention. Under business attraction, the Chamber is in the process of planning the second Morgan Hill site visit to be held in April or May 2003. The Chamber is working on restructuring its web site, including an economic development website. The program will list all available commercial, retail, industrial, agricultural properties available for lease or purchase. The program will be able to prepare monthly or weekly reports. It will identify the number of hits each property listing receives. She indicated that City staff can easily access the site and generate a report that lists all of the available property in Morgan Hill. The Chamber will maintain the web site and make sure that it is kept current. She stated that the Chamber is still receiving proposals for the job listing site. She indicated that the web site should be redeveloped and operable in January 2003 with a new home page and interactive links to the City's web site. The Chamber will be hosting a community brokers meeting in February 2003 to be held at the Community and Cultural Center. She attended a retail attraction workshop in Burbank and that she would be attending a workshop relating to retaining retail in February 2003. She also plans to attend an Economic Development Course at the Chamber Institute in January as well as the ICSC trade show in March with City staff, including an educational conference in April.

Ms. Minnich addressed business retention. She indicated that Chamber staff has met with three different companies in Morgan Hill who expressed concern with local business relationships with like businesses. Discussed was how the Chamber can assist these businesses. She indicated that as a result of these meetings, the Chamber would be starting a small business forum as well as the big business forum currently being conducted. The Chamber of Commerce developed a business retention survey. The Economic Development Committee has been studying the survey with the final survey to be approved tomorrow at the meeting. She indicated that the survey would be mailed in early January 2003. The Committee felt that 100% saturation was important for this survey.

Ms. Minnich informed the Redevelopment Agency that she currently sits on the Board of Directors for the Downtown Association. She chairs the promotions committee and that she was the lead in the design for a new downtown logo. She indicated that the Chamber took the lead in the committee for the Safe Trick or Treat Program and has mentored the Downtown Association to take this program over next year. The Chamber is also chairing the second annual Downtown Dine Around later this year. She stated that the Chamber is in the process of soliciting tourism committee

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members that would include representatives from the tourism industry and related businesses. This will be an 18-member committee and will include Downtown Association members, Silicon Valley Wine Growers Association, Media Arts, special group facilities, golf, brewery, winery, hotel, publications, Historical Society, shopping, restaurant, City staff, entertainment, attraction, RV parks, and Parks and Recreation representatives. The Chamber is putting together a committee outline and requirements for committee members to get them involved in a working committee. She indicated that the first meeting will be held at the end of January. The Chamber also advertises cooperatively with the Gilroy Visitors Bureau and the 2002-2003 Touring California Central Coast Magazine. She has also spoken with Kristen Carr with the Gilroy Visitors Bureau who is also interested in holding a joint familiarization trip in the late spring for the Silicon Valley Concierges' Association. She indicated that she felt that the Chamber has made sufficient progress since approval of the contract and hopes that their contract and partnership would continue with the City.

No further comments were offered.

Chairman Kennedy stated that he was impressed with the progress being made by the Chamber.

Agency Member Sellers agreed that a lot of progress has been made by the Chamber. He said that it was encouraging and exciting to see that the Chamber has gotten a lot off the ground. He indicated that when the Redevelopment Agency instituted an agreement with the Downtown Association, it looked at a long term plan that includes reducing the amount of funding that the City of Morgan Hill provides with specific goals in mind. Although this is a different contract in some way, he felt that there were some parallels. He recommended that the Redevelopment Agency look at several of the significant projects being undertaken by the Chamber such as updating the web site, updating the trade booths, conducting a survey, etc. He noted these are one time items. He stated that he would like to see a longer term relationship with the Chamber. He felt that the goal of the contract is to bring in more businesses to Morgan Hill and to make sure that the existing businesses prosper. If these goals are achieved, the Chamber membership should increase with the added businesses in the community. This should provide the opportunity for the Redevelopment Agency and the Chamber to continue working together but at a reduced capacity. He stated that he would like to figure out a way to look at this in the long term to state that the City's goal is to reduce the contract amount years out.

Agency Member Tate agreed with Agency Member Sellers' goal but felt that this was an evolving relationship. He felt that needs change on both sides each year and felt that there would be things that would be replaced from year to year.

Action:

On a motion by Agency Member Tate and seconded by Agency Member Sellers, the Agency Board unanimously (5-0), <u>Received</u> Report From the Chamber of Commerce and <u>Determined</u> Current Agreement Should Remain in Effect.

City Council Action

OTHER BUSINESS

25. OFFICE SPACE FOR MAYOR AND CITY COUNCIL

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Assistant to the City Manager Dile presented the staff report and addressed the two alternatives for Council consideration. Option 1 would provide an office for the Mayor in the office previously occupied by the Recreation Supervisor. Option 2 would still provide a Mayor's office and would also provide shared office/storage space for Council members in the office previously occupied by the Recreation and Community Services Manager. She indicated that the Council may have other suggestions on how to reuse the space or may wish to take no action at this time. She stated that in both options being recommended, the two cubicle offices formerly occupied by recreation staff would remain as staff spaces and would be made available for contract or temporary staff or for long term additional staff that may take place at city hall. In addition, the El Toro conference room would remain in use as a conference room. Implementation of either options being suggested this evening would not preclude the development of dedicated private office space for council members or staff at a future date. Should either options be approved by the Council, they could be implemented by mid January and that the cost would be \$10,000 or less. She indicated that approximately \$89,000 was carried over from last year's budget to this year's budget for this project. Any funds from this project that are not used could be returned to the General Fund reserves or allocated otherwise desired by the Council.

Council Member Sellers inquired what would happen to the office space formerly used by the Recreation and Community Services Manager?

Ms. Dile responded that there is not an immediate need for this office space for an on going staff member. However, when a senior planner is hired in the Planning division, the contract planner will need to be moved over to one of the cubicles.

Council Member Tate said that he had the opportunity to work out of the Recreation and Community Services Manager's former office space. He felt that the office was conducing for his use as it afforded him a chair, desk and phone. He indicated that he did not need a computer. He stated that he would like the opportunity to continue to use the office space as equipped.

Council Member Sellers said that it would be helpful to have office space available. He said that with the infrequency that he and perhaps other Council Members would have in terms of office space, the former Recreation and Community Services Manger's space could be shared by the four council members, provided that some storage be provided. He said that in looking at the proposal, the bulk of the cost comes from the computer and office furniture. He felt that the computers were a significant expenditure. While a computer may be appropriate for the Mayor's office, he did not know whether a computer was needed for the other office. He supported shared office space for the Council members without any extra expenditures on the Council side as his recommendation. He stated his support of Option 1, leaving the former Recreation and Community Services Manager's office space available for Council members use.

Council member Tate indicated that chairs would be needed for the shared Council Members office space.

Council Member Carr stated that he would support Option 1 with the provision of two chairs and essential office items from Option 2.

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Action:

On a motion by Council Member Sellers and seconded by Council Member Tate, the City Council unanimously (5-0), <u>Supported</u> Option 1, with the direction to provide essential office items for the former Recreation and Community Services Manager's office space. The unencumbered funds to return to the General Fund balance in order to help meet the 4% budget reduction.

Mayor Pro Tempore Chang excused herself from the dias.

26. ART IN PUBLIC PLACES

Business Assistance and Housing Services Manager Maskell presented the staff report.

Council Member Tate inquired whether the purpose this evening's discussion was to present the Council with an overview of art in public places and whether staff was requesting feedback this evening? He inquired whether staff was proposing a workshop at a future date with a facilitator walking the Council through the questions raised by staff?

Ms. Maskell requested Council comments or thoughts that would help guide staff toward the workshop and to help make the workshop productive, assuming the Council wants to pursue art in public places.

Mayor Kennedy felt that staff did an excellent job in preparing the presentation. He felt that the questions that staff asked were helpful. However, he did not have responses to all the questions being asked.

Mayor Pro Tempore Chang took her seat at the dias.

Mayor Kennedy opened the floor to public comment.

Chuck Dillmann indicated that he participated in the meeting held by staff. He said that at the meeting, there were as many ideas and solutions presented as there were individuals in attendance. He felt that this would be a program that would go on forever, once in place. Should the Council see merit in pursuing public art, he suggested that two things occur: 1) a task force be established to further develop the issue as this would need to be a multi year program that will last forever. 2) Every effort should be made to minimize the City's direct involvement in this. He suggested that this be turned over to a civic group that would have the dual responsibility of implementing and funding with oversight by the City to assume consistency and quality. He felt that there would be several issues that would need to be dealt within the implementation that divides the line between architecture, landscaping and art.

Wes Rolley indicated that he attended the meeting conducted by City staff. He felt that the City needs a policy relating to the use of City space for the exhibition of art that is not necessarily permanently acquired by the City. He said that individuals have approached him about plans that could potentially make use of exhibition space in the Community and Cultural Center for temporary exhibits within the next calendar year. He felt that the City Attorney has done good work in

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clarifying the legal ramification of responsibility and insurance. He felt that the City needs to establish a policy for a set of practices that can make the use of the Community and Cultural Center for temporary art exhibitions.

Theresa Wayne, Gallery Morgan Hill, thanked the Council for including local artists in the Community and Cultural Center grand opening. It is hoped that the program that the City is considering would encourage other local artist to participate as there are a great number of artists in the area. It was her belief that these artists would appreciate an opportunity to be part of this program.

No further comments were offered.

Council Member Sellers thanked the individuals for commenting this evening. He thanked the art community who stepped up to make sure that there was art in the Community and Cultural Center. He said that Gavilan College held its ribbon cutting ceremony last Tuesday. He noted that the College space felt different from the main section of the Community and Cultural Center. He felt that one of the reasons could be attributed to the fact that the Community and Cultural Center had art displayed in the main building and the fact that Gavilan College did not have art displayed in their portion of the facility. He stated that this was a reminder of the importance of art in public spaces and spaces where individuals gather in general. He said that there was merit in considering an art commission, committee, or board organizational structure. He said that if money and resources were not an issue, he would support an art commission. However, he would like staff to return to the Council, identifying the appropriate body such as a subcommittee of the Parks and Recreation Commission or any other feasible option. He felt that a task force, as suggested by Mr. Dillmann, may be a step in helping this effort along. He would like to consider a task force but wanted to know how much time would be required of staff, including resources needed.

Council Member Sellers said that there was discussion in the report about having development projects provide art as part of projects. He noted that one of the thoughts was that this be required for larger projects. He requested that staff provide the number of projects being discussed and at what level. He stated that he was inclined to consider something for larger projects but that he did not want to be too inclusive/exclusive. He expressed concern that a parameter would be set that no one would meet or that would be too onerous for most projects. He recommended that the City consider, as part of the public art policy, not only direct contribution or a percentage of development of projects but also opportunities for public art. He said that there was some space conducive for art and some spaces created barriers and problems for displaying art at the Community and Cultural Center. He requested that consideration be given to art space in the design of public facilities. He felt that parameters are needed for donated art to determine where they would be displayed and whether the City is obligated to display the art. He expressed concern with liability. He concurred that the City should support, encourage and provide some funding, and then step away for the betterment of public art and the community. He wanted to make sure that before the workshop is held that the City does a good job in notifying the entire art community. He did not want to have a situation where artists did not have a chance to provide input.

Council Member Tate felt that the City could establish requirements for public art. However, everything that he would like to see in public art should be encouraged and a voluntary community

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involvement. He stated that he would like to know the constraints on the projects that are being discussed. He would like to see a framework provided at the Community and Cultural Center without the specific pieces of public art being provided or funded by the City. He felt that a great shell could be developed that would encourage community volunteers to fill the public art void somehow. He noted that the Community Foundation has been established who is raising funds or looking at ways to make this happen. Issues to be addressed are the standards and the selection process. He said that he knows that there are a lot of communities that can provide the City with a lot of input about developing guidelines. He wanted to see public art as a community-owned project and not driven by the Council or one particular person driving the guidelines. He would like to receive community input and shape what the community wants after applying the standards to public art.

Council Member Carr concurred with Council Member Sellers and Tate that the whole idea of finding a way for art to be displayed in current public settings and the issue of inclusion of some type of art within new development can be two separate items. He felt that the Council can move quickly on the idea of how art can be displayed within existing facilities such as the Community and Cultural Center as was done successfully with the grand opening.

Mayor Kennedy noted that staff alluded to an ad hoc committee that would work with staff. He inquired as to the make up of the ad hoc committee?

Ms. Maskell responded that staff would recommend an ad hoc committee consisting of two parks and recreation commissioners and two members from the library commission.

Mayor Kennedy agreed that some sort of a body is needed, a subset of the Morgan Hill Community Foundation, an Arts Council or some group of this nature. He felt that one advantage of falling under the umbrella of the Community Foundation is that it would provide the separation from City government or interference, including judgements of what is good and bad art. It was his belief that for City public projects, a certain percentage should be earmarked for public art (e.g., 1% as a starting point). With regards to private development, he said that the City could encourage the inclusion of public art. This could be done through planning staff, Architectural Review Board, Measure P incentives, or other forms of competitions, contests, art displays such as was done at the grand opening of the Community and Cultural Center. He said that the grand opening provided a form of venue for art competition or art shows. He felt that this should be encouraged for the private sector versus adding additional costs to a project. After having spent recent time in Italy and seeing art work, art sculptures, paintings, etc., you cannot help but be impressed that there is a need for long-lasting permanent art in the community. He felt that the City needs to include quality art in the community. He also felt that the City could follow the models of our new sister city. He said that the City has received some gifts from San Casciano and that the City needs a place to display momentos, etc. He supported a workshop, including the suggestion of having discussion with a steering committee or an ad hoc committee to provide a greater focus so that tough decisions can be made at the workshop.

Action:

On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Chang, the City Council unanimously (5-0), <u>Directed</u> Staff to Set Up a Workshop, Inviting Interested Parties to Further Discuss Issues Relating to the Development of an Art in Public Places Policy, taking into consideration the ideas raised this

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evening.

City Council and Redevelopment Agency Action

OTHER BUSINESS:

27. COMPREHENSIVE HOUSING STRATEGY

Director of Business Assistance and Housing Services Toy presented the staff report.

Libby Seifel, Seifel Consulting, Inc., commended the Council for taking a leadership position in providing affordable housing in the community. She informed the Council that the Comprehensive Housing Strategy is work in progress. She walked the Council through the process, key findings, and strategy recommendations, including a recommended housing strategy (e.g., target and focus the City's resources and leverage its funding; emphasis and target housing programs into the downtown area in a sensitive and logical way). She recommended concentration of the top six programs. She indicated that the City has \$20.2 million in potential funding, noting that all but \$1 million are Agency funds. She offered the following recommendations: 1) an allocation of distribution that focuses on affordable new ownership housing, special needs housing, affordable new rental housing, rehabilitation, down payment assistance, and downtown transit oriented development. 2) The Council/Agency consider higher density housing in order to leverage more dollars in creating more units (e.g., townhomes). 3) Modifications to the City's Residential Development Control System, particularly, strengthening incentives for affordable housing development in the downtown area. 4) The Council consider amending the Redevelopment Plan in order to provide more money for housing. She noted that the Council will be adopting a Downtown Plan to formalize the Council's policy about giving preference and focusing housing activities in the downtown. She felt that it was important for a community to look at its development process, from time to time, in order to identify/eliminate hindrances and to provide incentives that would enhance development of affordable housing. She indicated that she did not recommend a greater percentage of moderate income housing as part of the housing strategy because it is felt that some of the needs for moderate income households can be met by the private market, both in terms of rental housing and home ownership opportunities (existing housing and mobile home sites). She noted that these needs cannot be met for very low income households.

Council/Agency Member Carr said that the Council/Agency has to look at the priorities in a realistic view point of what can be done (being reactive versus proactive).

Council/Agency Member Tate stated that he was a little disappointed that the self help was not listed as a higher priority.

Mr. Seifel informed the Council/Agency that Habitat for Humanity contacted her to request her assistance because they are in a situation where they cannot produce enough housing to meet their commitment. She indicated that they are a volunteer organization and that they can only complete a limited number of units per year. She stated that the Council is reliant on the group that can facilitate a self help program. In addition, the funding that has been allocated for this program is a small amount. However, the Council/Agency could potentially increase the amount in order to

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provide a grater opportunity for these type of units. The question will be one of capacity in terms of how many can actually be built. She felt that there was enough room to build 2 units per year for six years. She did not believe that it was realistic to do a lot more than this given the capacity of a local organization to put the program together and get the homes built. She felt that South County Housing may be able to help build self help homes.

Mayor/Chairman Kennedy opened the floor to public comment.

Chuck Dillmann stated that he serves on the site acquisition committee for Habitat for Humanity for Santa Clara County. He said that the board for Habitat for Humanity has set a goal of 10 self help units per in the County. The site acquisition committee has been working locally with Garrett Toy and Bill Newkirk for a project in the area that involves acquiring land from the County which the City would prepare and turn over to Habitat for Humanity. He said that a detailed site plan would be needed but that it was his belief that the site would accommodate 6-8 homes. In south county, there is a group organizing and that they are being integrated into Habitat for Humanity. This group consists of 30-60 individuals. The concept being contemplated is to have them begin to prepare for such a project. He said that there are two existing homes that are involved that would be torn down. There would be immediate authorization to build two homes on the site without impacting Measure P. He said that Habitat for Humanity is working and is in better shape to proceed with a project in Morgan Hill versus other organizations. He felt that it would be better to integrate a mixed use commercial/residential for the Royal Apartment, providing low income housing. He said that mobile homes are not technically considered low income units because they do not have requirements placed upon them. However, they are low income housing. He stated that Habitat for Humanity is doing everything that it can to promote them.

No further comments were offered.

Council/Agency Member Sellers said that Morgan Hill has been the youngest city in the county for a while. This is reflected by the fact that there is a high number of single family detached units. He felt that there were other factors that would preclude seniors from moving: inappropriate smaller senior units and seniors are happy to remain in their homes. He inquired if there were other factors in place that would provide additional senior units in town and encourage seniors to move into them? He also inquired as to the degree the City is providing housing units for its senior and to what degree are senior housing units being occupied by individuals who for other reasons would move into the community? He expressed concern with this fact because the City has limited funds and felt that the City needs to focus on the needs of the community. He requested that further consideration be given to senior housing.

Ms. Seifel indicated that the community has a large number of seniors who own their own homes. She stated that seniors who own their own homes may face some cost burden in the sense that they may have some outstanding obligations that would make it a challenge for them to afford to remain in their home. Depending on where your children are and where your family is, it may be more cost effective to sell one's home in Morgan Hill; taking the money and moving to the central valley or a retirement area that is less expensive. These individuals take their equity and use it for their retirement. The focus was on rental housing as there is a need for senior rental housing that would be assisted. She also felt that there is a need in this community for private senior housing that could

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potentially provide a resource for individuals who want to move into a smaller, one level patio home that might compete with the central valley option. She said that the study did not focus on private senior housing because there are some developers that would be able to take on senior housing projects. She said that the Council may want to think in terms of granting extra points in the City's allocation system for senior housing. She reiterated that the specific focus is toward rental housing for seniors who are very low or low income.

Council/Agency Member Sellers noted that it was indicated that senior housing could be located in the downtown area. He inquired whether this was attributed to land cost or availability of resources?

Ms. Seifel noted that the city has a limited amount of resources that it can use. She felt that the Redevelopment Agency needs to think about what it wants to do and what will be impactful in terms of the use of the \$20+ million Redevelopment Agency funds. She felt that the downtown would be a great opportunity for seniors because it is important for them to be near mass transit. There are lots of shopping opportunities and amenities in the downtown area. She felt that there are sites that could be assembled that would be comfortable for seniors. Also, there were a lot of locational advantages to having a senior development in the downtown. She noted that the Tanner study states that the City needs to focus and not put all its energy in the downtown because it can be stimulated by private sector investors. One of the key ways of accomplishing this is by using the City's housing funds to help stimulate this development and to exempt senior housing development from the Measure P allocation from within a certain area, acknowledging that this infill development is different. Also, senior housing does not impact the city in the same manner as other housing types.

Council/Agency Member Sellers inquired if there were recommendations regarding increasing densities?

Ms. Seifel said that the Downtown Study states that the City could easily build up to 30 units per acre with wood frame construction with a cost-effective way of securing parking. She said that there are creative designs to achieve 50 dwelling units per acre and would result in structural parking and steel frame construction. She stated that the Cannon Group is recommending a modest incremental density increase, not initially going with a steel frame construction. They are recommending that the City stick with wood frame construction. This would result in townhome construction at 30 units per acre.

Mayor/Chairman Kennedy recommended that this issue be referred to the Planning Commission as there are a lot of issues that would involve them.

City Manager/Executive Director Tewes indicated that it is staff's recommendation that the document is circulated widely, including groups such as the planning commission and various task forces.

Action:

On a motion by Council/Agency Member Carr and seconded by Council/Agency Member Sellers, the City Council/Agency Board unanimously (5-0): 1) <u>Received</u> Comprehensive Housing Strategy Report; 2) <u>Provided</u> General Policy Direction as Stated Above; 3) <u>Directed</u> Staff to Distribute Report to Interested Parties for Comments; and 4) <u>Directed</u> Staff to Schedule Workshop for Further Discussion.

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Royal Apartment

Council/Agency Member Tate inquired why the commercial portion is being recommended to be sold off? He stated that 12 units per acre is being proposed, noting that the Council/Agency discussed increased density in the downtown area. He considered this area as a part of the downtown. Therefore, he would consider twice the recommended density.

Mr. Toy stated that South County Housing would support a higher density development. He indicated that South County Housing is requesting Council/Agency authorization to acquire the property.

Mayor/Chairman Kennedy recommended that the density be consistent with the existing neighborhood. He felt that higher densities near the downtown core would be appropriate. He also felt that the appropriate density would come out as part of future discussions.

Council/Agency Member Tate indicated that the Downtown Task Force looked at opportunity areas for expanding the density north and south of the downtown core.

Council/Agency Member Carr said that at last night's meeting, the Measure P Update Task Force spent the entire time discussing the definition of the core under Measure P. It was indicated that this site would be within the core area. He stated that this is a much reduced core than what is being used today in Measure P, but that this site would still be within the core.

Mayor Pro Tempore/Vice-chairperson Chang felt that if a higher density is being proposed for the downtown that it would necessitate a General Plan amendment.

Council/Agency Member Sellers did not believe that a higher density would be unprecedented in the area. He noted that half a block away from the site, on Wright Avenue, there is a large apartment complex. There is another apartment complex adjacent to the Royal Apartments as well as across the street. He felt that a precedent for higher density exists in the neighborhood. He said that South County Housing has performed an incredible job in terms of developing affordable housing for the City. He inquired as to the process whereby South County Housing was selected as the developer the City would work with on this project?

Mr. Toy said that the process was one based on the City's experience in working with South County Housing on the Via Ciolino project. Staff felt that this would be a great project for them to focus on. He said that in the past, staff approached other non profits about their interest. Knowing that South County Housing was doing a great job, other non profits did not want to infringe in the South County area.

Council/Agency Member Sellers said that it would be an issue of the overall housing strategy to determine why the City is limited in its option, even though South County Housing is a great option. He felt that there should be discussion at the workshop if there are other reasons other entities are not interested in assisting the City with the development of affordable housing.

Mayor/Chairman Kennedy inquired whether the Council/Agency would be more comfortable

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deferring action on item 27, recommendation 5, until after its discussion/action on item 23?

Mr. Toy clarified that the action before the Council is to provide South County Housing the assurance that the City wants to move forward with a project before they put hard money down into the project and spend more money in pre development costs. The action does not commit the City to this particular concept, density, or the site layout.

Council/Agency Member Tate agreed to proceed with the acquisition of the property but not with the number of units being proposed.

Mr. Toy clarified that staff is requesting that the Council/Agency provide South County Housing some assurance that the City is proceeding with this project. Any agreements with South County Housing for funding, actual costs, and agreements for this project would need to come back to the Council/Agency.

Mayor/Chairman Kennedy stated that he would concur that South County Housing should move forward with the acquisition of the property but not necessarily with the number of units being stated.

Council/Agency Member Carr stated that for him, the number of units identified is a minimum. He stated that he would also be interested in addressing the issue that Mr. Dillmann raised about the property on Monterey Road and the possibility of a mixed use and how this would work with the financial dynamics of the entire project in future discussions.

Council/Agency Member Sellers stated that he would be abstaining from the action to be taken under action item 5 as he would like to confirm that he does not reside within 500 feet of this site.

Action:

On a motion by Council/Agency Tate and seconded by Mayor Pro Tempore/Vice-chairperson Chang, the City Council, on a 4-0-1 vote with Council/Agency Member Sellers abstaining, <u>Approved</u> Preliminary Concept approach for Royal Apartments and the housing replacement concept for the Royal Apartments. The Number of Units to be determined at a future date.

23. REPLACEMENT HOUSING PLAN FOR ROYAL COURT HOUSING

Council/Agency Member Sellers stated that he would be abstaining from the action to be taken for this item as he would like to confirm that he does not reside within 500 feet of this site.

Business Assistance and Housing Services Toy presented the staff report.

Chairman Kennedy inquired how the replacement housing plan for the Royal Court housing project would relate to the adjacent properties, in terms of density and adjacent development uses?

Jan Lindinthal, South County Housing, indicated that townhomes are located along the other side of Del Monte Avenue, similar in scale to what is being presented. She said that both parcels to the left of this site are under utilized, noting that there is commercial development and the upper two-

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thirds area located toward the rear is vacant. A pottery and an automotive type use are located within the vicinity, including a gasoline station. Along Wright Avenue, there are a number of apartments and a fourplex as well as a newer condominium development. In terms of density of the apartment component, she felt that the density being proposed would be consistent with what exists nearby. The density being proposed is consistent with what the City has approved with other projects in the past. It is also proposed to design a project that would be consistent with the neighborhood in terms of a townhome component. What is being assumed with this development are two and three story buildings. She stated that there would be potential opportunities to increase the density if three story buildings are built.

Chairman Kennedy stated that he would like to see how the design would fit in with the adjacent properties through elevations.

Action: On a motion by Agency Member Carr and seconded by Vice-chairperson Chang, the Agency Board, on a 4-0-1 vote with Agency Member Sellers abstaining, Adopted the Replacement Housing Plan for the Royal Court Housing Project.

28. ORAL REPORT ON BUDGET SCHEDULE AND SCOPE PRESENTED BY AQUATICS SUB-COMMITTEE MEMBERS MAYOR KENNEDY AND COUNCIL MEMBER CARR

City Manager/Executive Director Tewes noted that Mayor/Chairman Kennedy and Council/Agency Member Carr were appointed by the Council/Agency to serve on the Aquatics subcommittee, overseeing the design for the Aquatics complex. He said that staff wanted to share with the full Council information that it has been sharing with the subcommittee. At the conclusion of staff's presentation, the subcommittee will have a recommendation about the budget, schedule and scope of the project. He said that the City is underway with the design of the project and that it is hopeful that by the end of January, staff would return to the Council with the schematics for the project. He indicated that staff wanted to undertake a preliminary cost estimate, even at this early stage to have a reality check against the budget. Staff will be suggesting that there needs to be a revision to the budget attributed to 4 fundamental reasons: 1) the Budget was established on the basis of the Beal Master Plan. Staff has been working with the users group and the subcommittee in identifying what is truly needed as part of phase 1. It was realized that some of the things that the Beals Group suggested that could be done in future phases should be done up-front (e.g., installation of curb and gutter around the site and landscaping). 2) The Beal Group prepared a master plan and not a construction estimate. Their master plan was based on 2002-dollars. Staff is trying to schedule out the cost for the actual construction schedule given by the Council/Agency with the hope that the facility would be opened by Memorial Day 2004. 3) Unknown to the Beals Group, at the time, was the Council's desire to invest significantly in energy efficient measures (e.g., solar heating). 4) In light of staff's experiences with other public projects and the fact that the City is in the early stage of the design, staff believes that it would be appropriate to establish a higher level of contingency. He indicated that Recreation and Community Services Manager Spier and Senior Project Manager Dumas would be presenting recommended changes to the scope of the project. More specifically, to be addressed is how the budget compares with the current estimate, describing the sources of funding for any adjustments that the subcommittee may recommend and to identify the need for a CIP for the public improvements as suggested earlier.

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Recreation and Community Services Manager Spier presented Phase I as recommended by the Aquatics Committee. She stated that staff would return to the Council/Agency on January 22 to discuss the Sports Management Group cost recovery component to ensure that the aquatics center is operating efficiently. She said that in order to stay on schedule, staff needs budget direction because staff is showing a difference in budget because items were needed to make the entire project come together.

Senior Planning Manager Dumas addressed the four exhibits distributed this evening. Exhibit 1 provides the Council/Agency with a description of phase 1 of the project; Exhibit 2 is a budget comparison that explains the spending for the project at the level of the scope; Exhibit 3 describes the offsite work; and Exhibit 4 addresses where the additional funding would come from.

Mayor/Chairman Kennedy stated that it was his belief that the Council approved a higher contingency in the current budget than the \$300,000.

Mr. Dumas stated that the initial contingency was \$300,000 and that it was based on a smaller design construction cost. He said that the initial design development contingency increased and that staff also added a 5% change order contingency.

Ms. Spier indicated that the additional \$2.7 million funding being requested can come from funding earmarked for the development of the adjacent sports field in order to move the aquatics complex forward. She indicated that there are no other funding sources designated for either of these two projects at this time.

City Manager/Executive Director Tewes indicated that the Beal's master plan was not helpful in identifying the different phases. He said that in some instances, the elements in each phase were small. In order to have a successful aquatics complex, it is felt that several components need to be combined.

Mayor/Chairman Kennedy indicated that he and Council/Agency Member Carr met with the architect this afternoon and discussed some of the issues.

Council/Agency Member Carr said that a year ago, the Council/Agency looked at all Redevelopment Agency projects and identified the dollars that would be earmarked for each project. It was an exercise worth doing. He said that one of the reasons he wanted to go through the exercise was to look at the other projects and identify where the funding will come from. The Subcommittee took a look at what the added costs are and took a look at where the funds can come from, with the assistance of staff. He stated that the items that add cost to the aquatics project are not new items but items that were talked about in other phases. The subcommittee looked at different ways of scaling back the project in order to save dollars but that it did not make sense to eliminate some of the elements. The committee felt that dollars should be added to the project and complete the first phase correctly or that the City hold off on doing the project because constructing half of the project would not work. He indicated that the subcommittee is recommending approval of an increased budget. It is felt that the dollars could come from the dollars allocated for the temporary improvements for the outdoor sports complex. These were dollars that were left over that were felt could be used for the sports fields. The \$2.7 million would not get the city more than what it has

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today but would improve the soccer field setting that exits today. It was the subcommittee's belief that this was the appropriate place to draw some of the dollars from in order to proceed with the aquatics complex. The subcommittee also believes that it is important that the Agency agrees that it needs to go back and conduct a full re evaluation of RDA funds in the current allocation. The Agency needs to review all of the other projects to determine their status and to determine whether some of the Agency's priorities have changed, based upon new estimates that are being seen with the various projects. The Agency may find that there may be other changes needed in other projects, and that the Agency may find that its dollars are running out quick. He reiterated that the subcommittee's recommendation is that the Agency approve the budget increase, allocate the \$2.7 million from the current allocations for the outdoor sports complex, and set a time early next year to reevaluate all the current allocations in the RDA funds and the RDA projects.

Mayor/Chairman Kennedy stated that a fair amount of the increase is associated with several things. It is being recommended that the contingency funds be increased in order to make sure that there is a sufficient amount of contingency to avoid returning to the Agency for additional funding in the future. The sun/wind screen was a new feature added to the project. \$280,000 has been earmarked for the entry plaza which serves to connect the aquatics center to the rest of the complex. He said that it would make sense to connect the sports complex with the aquatics complex. In addition, there is funding for solar heating (an additional \$177,000). He said that the City would not have a good cost number until the working drawings are completed. He indicated that he gave thought to reducing the contingency but that he was talked out of this because at this stage of the estimated design process, the City does not have enough detail to perform an accurate estimate. The City would not have a good cost estimate until it is ready to go out to bid.

Council/Agency Member Tate stated that he understood the numbers and the reason why this came about. He also understood the subcommittee's recommendations, in part. He said that the Agency/Council would like to see all of the visioning projects come to fruition. He agreed that the Council/Agency needs to go back and re look at the allocations conducted in January 2002 but that he did not understand why this cannot be done before allocating additional funds to the aquatics center. He said that he looks at the number of people the City is trying to serve with recreational facilities and felt that the numbers that play volleyball, football, soccer, baseball, and/or softball far exceed the number that swim. Now, the subcommittee is suggesting that the City not serve this portion of the community. He said that he could not support the subcommittee's recommendation. He stated that he would like to move forward with the aquatics center. However, he recommended that the Council/Agency go back and look at the overall allocation. He recommended that decisions be made logically because what he sees taking place is that the project that is at the front of the line will get the allocation. It will be the project at the back of the line that would lose the allocation. He did not believe that the City is sufficiently funded for an economic development strategy. He felt that the Council/Agency has to undertake the same process to allocate funding for economic development. The Council/Agency can set this against the visioning projects to see if they are properly allocated. He felt that the sequence is wrong in terms of doing the re allocation. He noted that it was stated that the aquatics center needed both the recreational and competition pools. However, it is the recreational pool that is funding the competition pool. Therefore, he did not understand the logic of not proceeding with the recreational pool and that construction of the competition pool occur at a later date.

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Council/Agency Member Sellers noted that the sports complex has \$2.7 million allocated and that the aquatics complex needs an additional \$2.7 million. He was not sure if this was a coincidence or whether one was driving the other as far as the development of the project.

City Manager/Executive Director Tewes said that the needed funding did not start by looking at what is available in another pot. He noted that Senior Project Manager Dumas was hired to bring the project under budget, on time, and meeting the program needs identified by the Council/Agency as the scope. Staff needs to know this evening whether the Agency would be supporting allocating additional funds to keep the project on schedule. Otherwise, the City would need to request the architect to slow down and re think other options. This would result in staff not being able to deliver the project on Memorial Day, 2004.

Council/Agency Member Sellers noted that fields exist and would continue to be used.

Ms. Spier indicated that the City still has an on going agreement with CYSA to use the existing soccer fields. Without any funding for improvements, the fields would continue to be used as soccer fields by the community.

Mayor/Chairman Kennedy felt that the competition pool is the primary need in the swimming community because the local swim teams and the high school swim team need a 50-meter pool. Early on, it was felt that the recreational pool would attract from a regional area and would provide off setting revenues to help support the 50-meter competition pool. It was his understanding that the competition pool was the driving force of the aquatics complex.

Council/Agency Member Tate noted that the softball, volleyball, nor soccer groups were in attendance to address their needs.

Council/Agency Member Carr said that the subcommittee is only stating that there needs to be an additional allocation to this project. The subcommittee is recommending that the Council/Agency go back and look at all of the allocations early next year. If the Agency identifies the outdoor sports complex as a priority, the Agency would need to adjust its funding allocations. He stated that he would like to find additional funds that would go toward economic development and housing. In order to be able to stay on schedule with phase 1 of the aquatics complex, the Agency needs to be able to allocate some additional dollars. The subcommittee has found a source of funding, that being the funding earmarked for the outdoor sports complex. He did not believe that the subcommittee is stating that it is valuing swimmers over any other sports group. He did not believe that the \$2.7 million ear marked for the outdoor complex would have provided sports groups with facilities. He felt that the Agency needs to review allocation of Redevelopment Agency dollars early next year. He was not sure that the Agency would be able to bring all of the visioning projects that was agreed upon last year to fruition. He felt that the Council needs to make hard decisions.

Council/Agency Member Tate felt that the \$2.7 million could be used to provide outdoor fields for sports groups. He agreed that the Council/Agency needs to review funding for the remaining visioning projects prior to making a decision on this issue.

City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes - December 18, 2002 Page -29-

Mayor Pro Tempore/Vice-chairperson Chang noted that several projects are yet to be constructed. She stated that she could not support taking the \$2.7 million away from the outdoor sports complex. This is not stating that she is not supporting the aquatics complex but that she cannot approve the allocation this evening as she would like to review the overall picture. She said that an alternative is not to construct the indoor recreation center as planned because the City does not have the money to proceed with the project.

Mayor/Chairman Kennedy said that the subcommittee discussed some options. One option would be to proceed with the design. When it goes out to bid, the City can break up components (e.g., competition pool, recreation pool or the connecting feature, wind screen etc.). This would allow the design to continue and still provide the Agency with some flexibility. At that time, the Agency would know actual costs. He felt that this would be a way to address Council/Agency Members Chang and Tate's concern.

Council/Agency Member Tate said that the recommendation does not address the Leed design.

Council/Agency Member Carr recommended that the Council/Agency find a way tonight to allocate the additional dollars without identifying the source, pending the full review early next year so that the Agency does not fall behind on the schedule set for this project. This would allow the architect to continue their design work. The Council/Agency can look at RDA dollars early next year. If the Council/Agency cannot come to realization on funding, this project and/or other projects can be shelved.

Council/Agency Member Tate said that he did not want to hold up the project but that he did not want to identify the funding source this evening.

Council/Agency Member Carr recommended that the Council/Agency spend significant time looking at RDA funds early next year to identify a source of funding for the aquatics complex and the sports fields as well as other projects.

Mayor Pro Tempore/Vice-chairperson Chang said that she did not want to go out of town for a workshop as she has not yet recovered from an injury/illness. She said that she would agree to a three-day workshop in Morgan Hill in order to save City funds.

Mayor/Chairman Kennedy inquired when the working drawings would go out to bid? He stated that the Council/Agency needs to conduct its review of funding allocation before the project goes out to bid.

Senior Project Manager Dumas responded that the project is going out to bid in two phases in order to accelerate the schedule. The initial bid for pool structures will go out to bid in mid March and the second bid in late April.

Mayor/Chairman Kennedy noted that the Council/Agency would have decided its priorities by March 2003.

Council/Agency Member Sellers stated that he has similar concerns about the finances but felt that

City of Morgan Hill Special and Regular City Council and Special Redevelopment Agency Meeting Minutes - December 18, 2002 Page -30-

the Council/Agency would be wasting a lot more money if it did not identify the funding source as it proceeds. He felt that there was a point in which the Council/Agency could have reevaluated whether the aquatics center was a priority but felt that this time has passed. He felt that the City was into a significant phase at this time and the City should proceed. To do otherwise would waste a lot more money. If the City slows down the process or deters the process, it would directly affect architectural costs as well as the indirect costs. He stated that he has little doubt that a year or two from now that construction costs would be higher than they are today. There are also direct and indirect staff costs. He felt that the bottom line is that the City has soccer facilities in town for the next year or two. There are also softball fields in the community, noting that the City has expanded these facilities to some degree. He stated that the City nor the region has an aquatic facility anywhere close to what is being proposed. He felt that the Council/Agency has made a commitment to this project and felt that the City needs to move forward with it. He stated that he was anxious about the \$2.7 million but he realizes that the City is looking at significant parts of subsequent phases that need to be completed anyway. He suggested that the Council/Agency proceed with the recommended action. It is to be understood that the Council/Agency would like to undertake a comprehensive review of the remaining funds.

Council/Agency Member Tate noted that the Council/Agency has not prioritized its visioning projects. He did not support this priority and believed that it was set because there was a deadlock. The Council/Agency was scheduling to a deadline with an assumed budget. Now, he is being told that the ground rules have changed and that the budget needs to go up. This results in taking funding from another project. He felt that the Council/Agency needs to go back and look at the priorities of the projects. He would like to see the project move forward but that he did not believe that the \$2.7 million should be taken until the Agency reallocates the projects.

Mayor Pro Tempore/Vice-chairperson Chang stated that she would agree to move forward with the project but that she did not want to allocate funding from the sport fields. Doing so would change the priority.

Council/Agency Member Carr stated that he would support moving forward with the aquatics complex, directing staff to move \$2.7 million into this project. The Council/Agency to decide where the \$2.7 million would come from early 2003.

Mayor/Chairman Kennedy opened the floor to public comment.

Gino Acevedo stated that this is the first time he has seen the numbers. He said that in looking at the numbers, a lot of it is not necessarily increases to the project itself, but modifying phase 1. It appears that additional recreational components have been moved into phase 1 that would have been part of phase 2 to make the entire facility user friendly. He said that the wind screen would not have to be done, noting that this is a high dollar item but not as high as other alternatives. He said that there were other items that were compromises in the design. He felt that the competition pool drove the aquatics center project and having the recreational component would help offset some of the costs of the competition side. He felt that it would be proven that the solar and energy efficiency costs would pay for themselves in the maintenance operation in less than three years. He agreed with the arguments that other sports groups are not being represented this evening. However, these groups have had the opportunity to address their comments at other meetings. He felt that the other

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sports groups have facilities, granted that they may not be adequate. He stated that the aquatics group does not have an adequate facility to perform the aquatics activities desired.

Chuck Dillmann said that the energy efficiency features could potentially be recovered from the state or PG&E who have programs that promote energy efficiency. He recommended that the City pursue these programs. He said that it has been his experience that in order to keep projects on budget, monthly budget updates were conducted. These monthly updates went a long way toward keeping things under control. He felt that a clubhouse could serve both facilities and provide a lot of operational cost offsets, controlling food consumption in the facility.

Mayor/Chairman Kennedy noted that the concession facility was designed to serve both the sports and aquatics facility.

No further comments were offered.

Action:

On a motion by Council/Agency Member Carr and seconded by Council/Agency Member Sellers, the Council/Agency unanimously (5-0) <u>Agreed</u> to direct staff to proceed with the design of the aquatics center with the understanding that the Council/Agency would reassess the prioritization of funding of Redevelopment Agency projects in early 2003 at a Council/Agency workshop. At that time, the Council/Agency will determine whether it would make sense to transfer funds from the sports complex project or another source to this project or cut something from the project, upon review of the bids for the aquatics complex.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

City Manager Tewes informed the Council that it appears that all Council members are available Friday, January 10, 2003 for a workshop to be held in Morgan Hill. He indicated that the Council may wish to consider meeting 1.5 days to address issues.

Council Member Tate recommended that three days be set aside for the workshop as the Council originally planned to meet three days.

Mayor Pro Tempore Chang indicated that she would agree to meet three days locally.

Council Member Carr stated that if the Council was not going to attend the three day structured program, he would agree to meet on January 10 and 11, indicating that these dates would be preferable to him.

Mayor Kennedy stated that he was available January 10 and 11.

Council Member Sellers requested that staff schedule the Tennant Avenue PUD, east of Johnson Lumber, that was previously discussed as part of the Butterfield Boulevard extension. He recommended that the Council relook at the phasing of the project.

Council Member Sellers stated that he requested that staff contact the engineering firm that reviewed

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the flood zone for the downtown. He said that the Downtown Committee and the Task Force have requested the removal of some key areas from the flood zone. He requested that staff/Council investigate the viability of doing so. He indicated that the initial phase would be to meet with engineers and/or Water District staff. He indicated that he has spoken with Water District staff who are supportive of the idea. If necessary, the Council could consider providing resources to retain an engineering firm.

ADJOURNMENT

There being no further business, Mayor/Chairperson Kennedy adjourned the meeting at 11:27 p.m.

MINUTES RECORDED AND PREPARED BY

IRMA TORREZ, City Clerk/Agency Secretary



CITY COUNCIL STAFF REPORT

MEETING DATE: January 15, 2003

DISCUSSION OF PHASING FOR COMMERCIAL PLANNED UNIT DEVELOPMENT (PUD)

RECOMMENDED ACTION(S): Discuss and give direction regarding the potential phasing of development within the PUD zoning at Tennant Avenue and Highway 101.

EXECUTIVE SUMMARY: The Planning Division has received an application for the development of a Planned Unit Development located on 29 acres on the southwest quadrant of Tennant Ave./Highway 101. The PUD designation encompasses five parcels, each under separate ownership.

Agenda Item # 15

Prepared By:

Senior Planner

Approved By:

Director of Community Development

Submitted By:

City Manager

Section 18.30.050 of the Morgan Hill Municipal Code requires that the first person wishing to develop within a PUD designation must develop and receive approval for a master plan that encompasses the entire PUD. Recent examples of this include the Gateway Center at Cochrane and Monterey, the Tharaldson/TBI development on Madrone Parkway and the Harley Davidson dealership on Condit Rd.

Two property owners within the Tennant Ave. PUD would like to move forward with the development of their property. Specifically, one would like to construct a gas station, mini-mart, fast food restaurant and a car wash at what would be the southeast quadrant of the future intersection of Juan Hernandez Dr. and Tennant Ave. The second owner would like to construct 10,000 sq. ft. of medical office. Pursuant to the PUD ordinance, a master plan and development guidelines have been submitted for the entire 29-acre PUD. At this time, no anchor tenants or major retailers have been identified for the PUD.

Land Use Policy 10c of the General Plan required all commercial areas at freeway interchanges to be zoned PUD to ensure that they develop in a coordinated manner addressing such issues as design, signage and circulation. Action 10.5 under this policy states that the Zoning Ordinance should be amended to require ancillary commercial uses, such as fast food restaurants and service stations, on lands around interchanges to be part of larger developments

The applicant would like to proceed with development of the ancillary uses described above at this time. To be consistent with the general plan, development of ancillary uses should occur as part of a larger development, not prior to it. The Planning Commission discussed this issue at their meeting on September 24, 2002 and the majority (5-2) indicated that the uses should develop as part of the larger development and not be allowed to develop first. Attached for the Council's reference are the Planning Commission's staff report and minutes.

FISCAL IMPACT: None. Filing fees were paid to cover the cost of processing this application.



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

Deput

Deputy City Clerk

Agenda Item # 16

Approved By:

Prepared By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1599, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-01-07: SHAFER-BAMDAD (APN 728-10-005)/(DA-02-07: SHAFER-BAMDAD)

RECOMMENDED ACTION(S): Motion to Adopt Ordinance No. 1599, New Series.

EXECUTIVE SUMMARY:

On December 18, 2002, the City Council Introduced Ordinance No. 1599, New Series, by the Following Roll Call Vote: AYES: Carr, Chang, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1599, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-01-07: SHAFER-BAMDAD (APN 728-10-005)/(DA-02-07: SHAFER-BAMDAD)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 02-36, adopted May 14, 2002, has awarded allotments to a certain project herein after described as follows:

Project

Total Dwelling Units

MP-01-07: Shafer - Bamdad

7 allotments (Fiscal Year 2003-04) 8 allotments (Fiscal Year 2004-05)

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill.

These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any

City of Morgan Hill Ordinance No. 1599, New Series Page - 2 -

situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 18th Day of December 2002 and was finally adopted at a regular meeting of said Council on the 15th Day of January, 2003 and said ordinance was duly passed and adopted in accordance with law by the following vote:

	ecordance with law by the follow	3 1
	COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:	
ATTEST:		APPROVED:
Irma Torrez, City Clerk		Dennis Kennedy, Mayor
	CERTIFICATE	OF THE CITY CLERK
CALIFORN 1599, New Se	IIA, do hereby certify that the for	ERK OF THE CITY OF MORGAN HILL, Foregoing is a true and correct copy of Ordinance No. iil of the City of Morgan Hill, California at their regular 103.
WIT	NESS MY HAND AND THE	SEAL OF THE CITY OF MORGAN HILL.
DATE:		
		IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: JANUARY 15, 2003

ADOPT ORDINANCE NO. 1600, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA-02-10: E. DUNNE-FIRST COMMUNITY HOUSING FOR APPLICATION MP 01-12: E. DUNNE-FIRST COMMUNITY HOUSING (APN 817-11-069)

Agenda Item #		
Prepared By:		
Deputy City Clerk		
Approved By:		
City Clerk		
Submitted By:		
City Managar		

RECOMMENDED ACTION(S): Motion to Adopt Ordinance No. 1600, New Series.

EXECUTIVE SUMMARY:

On December 18, 2002, the City Council Introduced Ordinance No. 1600, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1600, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT, DA-02-10: E. DUNNE-FIRST COMMUNITY HOUSING FOR APPLICATION MP 01-12: E. DUNNE-FIRST COMMUNITY HOUSING (APN 817-11-069)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. Pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, 38 building allotments were awarded to application MP 01-12: E. Dunne-First Community Housing for fiscal year 2003-2004 (18 allocations) and fiscal year 2004-05 (20 allocations); and

Project MP 01-12: E. Dunne-First Community Housing <u>Total Dwelling Units</u> 38 building allotments

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

City of Morgan Hill Ordinance No. 1600, New Series Page - 2 -

SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 18th Day of December 2002 and was finally adopted at a regular meeting of said Council on the 15th Day of January, 2003 and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: NOES: ABSENT: ABSTAIN:		
ATTEST:		APPROVED:
Irma Torrez, City Clerk		Dennis Kennedy, Mayor
	CERTIFICATE OF	THE CITY CLERK
CALIFORNI 1600, New Se	IA, do hereby certify that the foreg	COF THE CITY OF MORGAN HILL, oing is a true and correct copy of Ordinance No. the City of Morgan Hill, California at their regular
WITN	NESS MY HAND AND THE SEA	L OF THE CITY OF MORGAN HILL.
DATE:		